

JPRS 77803

10 April 1981

West Europe Report

No. 1731

FBIS

FOREIGN BROADCAST INFORMATION SERVICE

NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service, Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semi-monthly by the National Technical Information Service, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Indexes to this report (by keyword, author, personal names, title and series) are available from Bell & Howell, Old Mansfield Road, Wooster, Ohio 44691.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

10 April 1981

WEST EUROPE REPORT

No. 1731

CONTENTS

ECONOMIC

CYPRUS

- Economic Crisis in Construction Industry Analyzed
(Androula Taramouta; I SIMERINI, 24 Feb 81) 1

GREECE

- G. Rallis, A. Papandreu Interviewed on EEC Accession
(George Rallis, Andreas Papandreu Interview; O OIKONOMIKOS
TAKHYDROMOS, 5 Feb 81) 6

ITALY

- Changes Planned for IRI's Financial Group SPA
(L'ESPRESSO, 1 Feb 81) 22
- 'Radical Transformation' of SPA, by Tullio Fazzolari
Crisis in Steel Sector, by Andrea Margheri

PORTUGAL

- Common Agricultural Policy Problems Presented by EEC Entry
(Antonio Neto da Silva; ESPRESSO, 31 Jan 81) 26
- Prospects for Domestic Economy in European Context
(Leite de Campos; TEMPO, 22 Jan 81) 32

POLITICAL

CANADA

- Quebec Election Said To Be Decided by 44 Counties
(Rodolphe Morissette; LE DEVOIR, 13 Mar 81) 35

CYPRUS

Akel Deputy Leader Appeals for Strong Vote (CYPRUS MAIL, 19 Mar 81)	38
--	----

FRANCE

Chirac Delineates Basic Policy Objectives (Various sources; various dates)	39
---	----

"No Risk, Third Way" Candidacy, by Patrice H. Desaubliaux
 Financial, Political, Foreign Policies, by Andre Passeron
 Economic, Social Objectives, Proposals, by Andre Passeron
 Giscardian Reaction, by Dominique de Montvalon

Crepeau Candidacy Important to MRG Survival (LE POINT, 9 Mar 81; LE MONDE, 3 Mar 81)	49
---	----

Prospects for Political Survival, by Daniele Molho
 Support, Opposition Within Party, by Jean-Marie Colombani

GREECE

Prime Minister Defends Actions During Earthquakes (ATHENS NEWS, 14 Mar 81)	53
---	----

GENERAL

FRANCE

Briefs Transall Maritime Version	54
---	----

GREECE

Briefs Ipekci Awards	55
-------------------------------	----

ECONOMIC CRISIS IN CONSTRUCTION INDUSTRY ANALYZED

Nicosia 1 SIMERINI in Greek 24 Feb 81 p 7

[Article by Androula Taramouta]

[Text] One of the most important sectors of our economy, the construction industry which is considered the backbone of the working class, has begun to feel shock waves. Already certain splits have been observed--the layoffs are unavoidable due to a shortage in construction activity. These shocks are of a warning nature. If timely measures are not taken a crisis will break out which will affect a large number of related sectors employing numerous personnel: the lumber and metallurgical industries; the industry manufacturing mosaics, bricks and other building materials; the contractors of electrical and air conditioning installations; the manufacturers of solar thermobaths; and the importers of lumber, building materials, and sanitation items. The impact will also affect architectural offices and other related services.

The warning began last year. Discussions took place, recommendations and suggestions were made to the appropriate authorities. But the situation was allowed to continue its course and to become worse continually without a single measure taken. The lack of state concern in a basic economic sector is once more underlined. But as late as it is, if some authorities wake up and proceed to take the necessary measures then we may avoid catastrophic consequences in several sectors.

OEI: Costs Problem--Inadequate Financing

The responses to a questionnaire 1 SIMERINI submitted to the Cypriot Federation of Employers and Industrialists [OEI] underlined, among other things, that the development rate of the construction industry dropped from 13 percent in 1979 to about 5 percent in 1980 while the building slump is expected to be worse following the completion of projects presently under construction.

It was also pointed out that the construction industry is facing the serious problem of costs which have reached prohibitive levels as well as the problem of inadequate financing. OEI observes that the construction crisis is having an impact on many sectors directly related to the construction sector such as the lumber industry, the metallurgical industry, the industry which manufactures bricks, mosaics and other [building] materials.

Reduced Development Rate

With regard to the construction activity slump, OEV observes:

"If we consider 1980 as a whole, the level of construction activity has been generally satisfactory. But there was a serious slowdown to the rate of development of the branch which is estimated to have dropped from 13 percent in 1979 to about 5 percent in 1980. This slowdown was worse during the second half of 1980 when, according to estimates, there was only a small increase or perhaps even a stagnancy in the building sector. It is anticipated that this slowdown will be more intense in 1981 and especially at the end of the first half of the year following the completion of the project whose construction began in the past and continued late in 1980 or early in 1981. Usually a construction enterprise has on hand contracts and work for 1 to 1 1/2 years. But already the projects provided by many contracts have been completed without being satisfactorily replaced by new ones with the result that several companies have already started cutting down their activities.

Restrictions on Credits

The slowdown in the activities of the construction industry is largely due to the effect of the credit restrictions imposed by the Central Bank, restrictions which hurt mainly the construction sector and secondly the curtailed demand for tourist and other apartments by Cypriots coming from abroad. This limited demand is mainly the result of the economic crisis in the countries where these Cypriots reside but also the wrong or adverse impressions on their part regarding the conditions prevailing in Cyprus. One reason for the slowdown in the construction sector is the reduction in government contracts for construction projects such as, for example, the construction of refugee tent-camps, the construction of new or the repair of existing roads, the start of new civil engineering projects, and so on. Another reason for the slowdown is the reduced investment activity of the industrial sector in industrial buildings. The slowdown in the construction sector and the expected further worsening of the situation is also supported by existing various economic indices and other indications such as, for example, the number of unemployed in the construction sector, the consumption of various construction materials such as cement, bricks, sand gravel, and so forth, the number of permits for new constructions, the imports of capital equipment for the needs of the construction industry, the level of work of architectural offices, and so on.

Layoffs

OEV said that certain construction enterprises have released some personnel in the past 1-2 months. "The most important and perhaps the only reason for these layoffs is the reduction in work as explained earlier. Fortunately these layoffs have not yet reached massive proportions and in several cases the laid off succeeded in finding work quickly in other construction enterprises whose businesses have not been affected very adversely. Even though the number of registered unemployed construction workers is not yet alarmingly high, it has nonetheless increased considerably recently and from 250 early in 1980 has now exceeded 500. But it is possible to face the need for massive layoffs at the end of the first 6 months of 1981 because of the anticipated further drop in the activities of the construction enterprises and because it is expected that the crisis will reach its peak. For

this reason, it is dictated that necessary measures should be taken at this stage to avoid further decay [of this sector].

There Is a Future

To our question concerning the future of the construction industry in our country, OEV responded:

"Despite the progress achieved in recent years the need for buildings and construction projects is still very high. This is true as concerns both the improvement of the population's housing needs and the improvement and development of roads, airports, seaports, dams, and other infrastructure projects. Also, in view of the increased tourism, the prospects for tourist lodgings and installations appear to be good. Therefore, from the demand point of view, it is anticipated that the long-term prospects for the construction industry will be good. But there exist various problems which must be overcome for further improving the situation and the industry's prospects.

Problems

"On a short-term basis, the most serious problems now existing concern the construction costs which have reached prohibitive heights and the inadequacy in financing. On the other hand, on a long-term basis there exist other serious problems, mostly of a structural nature, which are related to the improvement of the production methods, the increase in the productivity of smaller units particularly, the quality of certain construction materials, the lack of standardization in constructions which contributes to high production costs, and so on.

Repercussions

"As is the case in most countries, the construction sector of Cyprus," OEV pointed out, "because of its size as well as its relation to other sectors is assuming a particular importance in the economy generally because whatever happens in this sector has serious chain reactions in many other sectors of the economy. It is exactly for this reason that the construction sector is often used for the application of a counter-cyclical policy. In other words, during periods of economic recession the stimulation of the sector is used for cooling off the whole economy while during overheating periods the cooling off of the sector is again used for cooling off the whole economy. Such was also the case with Cyprus last year when the economy showed signs of overheating.

"Without doubt the crisis in the construction sector started having repercussions in many other sectors which are indirectly related to construction. In any case, these repercussions will be more serious if proper measures are not taken in time and if the construction crisis is allowed to peak.

"Already the impact of the construction crisis is clearly manifested in other branches and especially in industrial ones such as the lumber and metallurgical industry, the industry manufacturing bricks, mosaics and other building materials, the contractors of electrical and air conditioning installations, the makers of solar thermobaths, and others. But certain purely commercial branches also, such

as the importers of lumber, building materials, sanitation items, and so on, have started to be adversely affected. The repercussions on the work of the architectural offices and other related services are also serious.

"In other words, the construction industry is the barometer of a country's economic climate."

SEK: Recession Is Real

"No fears are aired today but the recession in the construction industry is a fact," said Khatzistyllis, secretary general of the Federation of Construction Workers and Miners (COM) /a union affiliated with the Confederation of Cypriot Workers--SEK/. He also pointed out the need for measures by the government in order to save "the backbone of the working class"--the construction industry.

It seems that some soundings have been made since last year concerning the threatening dangers but were unable to convince the authorities to adopt the necessary measures. Khatzistyllis said specifically:

Factors

"Since the middle of 1980 SEK had predicted and had warned that late in 1980 or early in 1981 the construction industry would face a countdown. We based this prediction on certain factors:

- "1. The suspension of loan granting by the banks to contractors or enterprises for the construction of apartment buildings and houses.
- "2. The decrease in the refugee housing rate.
- "3. The expiration of the law on the nontaxation of real property--1 January 1977-1979.
- "4. The sudden increase in the price of building materials.

"A meeting which took place at the Ministry of Labor in May 1980, and which was participated in by the government Planning Department, the Cyprus Employers' Federation, the unions and the Association of Building Contractors, discussed the fears which prevailed but transferred the construction industry recession to the second half of 1981. Until now no change has been observed and already the first cases of layoffs have taken place."

From data the Federation of Construction Workers has collected, it appears that the crisis has affected about 350 persons. "The survey of the federation," Khatzistyllis elucidated, "cannot prove absolutely if these layoffs were caused by the drop in the activities of the construction companies because in some cases there is an exploitation of the circumstances."

Building Materials

In order to overcome the construction crisis, SEK points out that:

a. Authority should be given to the Price Commission to freeze the prices of building materials and to decrease the cost of the buildings.

b. The government should take immediate steps to remove the causes leading the construction sector to recession.

The SEK executive committee will study the problem and submit a memorandum to the government. "Today," said Khatzistyllis, "no fears are expressed but it is fact that there is a crisis in the construction industry."

Large construction enterprises and contractors have laid off personnel who were occupied with construction in Nicosia, Limassol, and Larnaca.

Contractors: Timely, Curative Measures Should Be Taken

The construction industry will soon face a real crisis if timely, curative measures are not taken--measures on which depends the future of one of the most important job-providing sectors in our country. This is the conclusion derived from the answers the Association of Construction Contractors [SEO] gave to our questionnaire.

SEO agrees that indeed the construction industry is facing a slowdown compared to previous years. According to SEO, this slowdown is due:

1. To the policy the government pursues for cooling off the construction industry.
2. To the credit policy of the banks which do not grant loans for housing purposes.
3. To the lack of economic, tax and other incentives which are necessary for investments for productive purposes.
4. To the continuous rise of the construction costs which are caused by the large and continuous increases of various construction materials, daily wages and house lots which increases are in most of the cases arbitrary, unjustifiable and non-substantiated.

SEO points out that the role of the state in this case is not meaningful because it does not have the necessary machinery for monitoring the increases it allows.

SEO states that personnel layoffs have been made because of the slowdown in economic activity and warns that if the necessary measures are not taken and if indispensable incentives are not established the crisis in the construction industry will worsen and personnel layoffs will be unavoidable.

7520

CSO: 4908

G. RALLIS, A. PAPANDREOU INTERVIEWED ON EEC ACCESSION

Athens O OIKONOMIKOS TAKHYDROMOS in Greek 5 Feb 81 pp 46-50

[Exclusive Interviews with NDP Leader George Rallis and PASOK Chairman Andreas Papandreu by Giannis Marinos]

[Text] For this special issue, the O OIKONOMIKOS [TAKHYDROMOS] felt that it would be particularly significant to have the views of the country's premier and of the leader of the opposition whose party may win the next parliamentary election and form a new government. The idea for the interviews was combined with the need to clarify certain vital questions related to the European Economic Community and to the country's accession to it. For this reason, the questions addressed to G. Rallis and A. Papandreu were neither general, nor identical, nor neutral. The general views of the two leaders and their parties are known and there was no reason to give them the opportunity to repeat them. The questions addressed to them were not identical because we wished to obtain their views on matters which are subject to dispute, uncertainty, or acute disagreement among those who oppose the views of the other side. For this reason we posed different questions to Rallis and different ones to Papandreu. For reasons of propriety we submitted to each side the questions asked of the other party. The content of the questions, finally, shows that they were not neutral. We believe this was honest and sound. O OIKONOMIKOS does not maintain a neutral attitude on the question of accession, and its position has been known to its readers and the general public for years. Our questions, however, do not derive so much from the views of O OIKONOMIKOS TAKHYDROMOS on the EEC and the accession as they do from the attitudes of the government and the main opposition, the related disputes, or misunderstandings, omissions or emphases which in the general belief, we think, create questions and doubts and require a more precise and detailed discussion.

Needless to say, the responsibility for the limited number and the selection of questions fell on the editors of O OIKONOMIKOS TAKHYDROMOS who felt that they should not abuse the willingness of Rallis and Papandreu to cooperate in our informational effort. Moreover, there were enough questions which obliged the two political leaders to give extensive replies.

We feel that we should say that both Rallis and Papandreu, although told that our questions would be somewhat indiscreet and not very "simple," both said that they would "gladly" reply to them. Indeed, their replies are in every respect analytical and substantial. Whether they are also satisfactory will be judged by our readers. What is certain is that the interviews provide a wealth of

clarifications, information, and views which will substantially contribute to the clarification of the views and the policies of both sides. O OIKONOMIKOS TAKHYTHOMOS considers it its responsibility to thank warmly our two political leaders for the honor they bestowed upon it by their extensive interviews which will contribute to the more complete enlightenment of its readers on the question of our country's accession to the EEC.

Premier's Interview

[Question] It has been repeatedly said, even by the government side, that the accession to the EEC is not a panacea but a challenge which will prove beneficial to our country if we prove to be able to take advantage of the possibilities it opens up and to overcome the risks it entails. It is almost universally acknowledged that so far the various strata of people have not been properly informed, the necessary institutional reorganization has not been done, and the public administration has not been prepared to utilize the positive aspects of the accession and to neutralize the negative. What is your opinion, and how will these problems be solved? Is there, for instance, a danger--as some argue--that we will not be able to obtain the benefits, at least for 1981, offered by the Community because of delayed or improper preparation on our part?

[Kallis] Certainly our accession to the EEC is not a panacea for our problems. The accession provides, within the framework of the large Common Market and with the aid of the financing mechanisms of the Community, the possibility of dealing with our problems with greater success than if we had remained outside the Community.

The country's economy has reached a certain level of development and to achieve an accelerated growth we need to create competitive production--both in industry and agriculture and a market to sell our products. Only the European Common Market can offer such a large market, as well as the possibilities for creating a competitive production.

We all know the difficulties we face in marketing both our agricultural and industrial products in all countries, even in the Common Market until the time we were not members [because of] the counterbalancing contributions we had to face in the case of the agricultural products or the import restrictions in the case of our industrial products such as our textiles.

The large European Market with its 260 million inhabitants will be open as of 1 January 1981 to the free and unrestricted movement of our products. This is the first and the most important benefit to be derived from our accession to the Common Market because our farmers, our small businessmen, and our industrialists will be able without diversions to modernize and to increase their production since they will be able to sell their products either to the Common Market or to any third market they wish if the terms are better. In fact, the European Community itself subsidizes the exports of certain farm products to third countries.

Our accession to the Common Market means with regard to our agriculture that for all our products covered by a common farm policy, the fiscal burden for the protection of the producers is taken over by the Communal Budget. The national budget will be relieved of a tremendous expense which in 1981 will reach 15 billion drachmas and, in the year of the complete accession, is estimated under present conditions to reach 30 billion drachmas.

The accession will enable us to intensify the pace of regional development and to increase the aid to the country's problem areas. The amount of our participation in the budget of the Community Regional Fund during 1981 will reach approximately 12 billion drachmas. We also estimate that the Social Fund during the first year will participate in training programs for workers to a level of at least 700 million drachmas.

From our overall fiscal transactions with the Communal Budget we see that in a year of complete accession under present conditions, the net fiscal benefits for Greece will equal 500 million European Monetary Units [EMU] , that is, approximately 30 billion drachmas. For the first year, as estimated in the 1981 budget, this amount is estimated at 8.5 billion drachmas, but because of the time lag in the payment on our part of certain receipts in favor of the Community which will be turned over in 1982 on the basis of payments, this sum amounts to 10.5 billion drachmas.

Beyond these possibilities, our country will be able to go to the lending institutions of the Community, such as the European Investment Bank and other financial organs, for the financing of infrastructure projects and new investments.

You said that the Greek people are not properly informed of all this. This is not true. All these points have been repeatedly presented in the Chamber of Deputies, on TV, in the press, in seminars for civil servants and businessmen, and in special publications which have circulated widely. But the Communal regime is a complex system contained in volumes of tens of thousands of pages which constitute the founding treaties and the ensuing Community laws.

Detailed information on this regime is impossible. Only a few specialized experts can be fully knowledgeable about the regime. But even the more specific briefing on one sector of the Communal law needs a great deal of effort on the part of anyone who wants to find out. Knowledge on the questions of the Common Market in the context of a brief discussion in a seminar or by reading an article in a newspaper is almost impossible.

The government in order to satisfy the general quest for information is starting a campaign in an effort to provide the Greek people with objective basic information on Common Market matters. We believe that the implementation of the Communal regime after 1 January 1981 will be an incentive to increase public interest for more complete information on the Common Market matters.

You said that we have not conducted the necessary institutional reorganization nor the preparation of the civil service to take advantage of the positive elements of the accession. But even in this sector there has been a significant effort and considerable progress if we take into account the well-known weaknesses of the Greek civil service.

I must emphasize that the task of adjustment for us is much more difficult than it was for the previous countries which entered the Community and even more difficult than it was for the initial members of the Community because the civil service in those countries had the opportunity to adjust to the Communal regime gradually as the Communal regime was being created. The Greek civil service enters abruptly into an established regime and naturally it will find adjustment more difficult.

With Law 992 of 1979 and a more recent law enacted by the Chamber of Deputies, and following the experience we gained during the negotiations, we created the framework for the institutional regime which must exist in Greece after 1 January 1981 for the implementation of the Communal regime.

With these laws we organized the administrative infrastructure and machinery, especially in the Ministry of Agriculture for the implementation of the common farm policy, as well as in the other ministries such as the Ministry of Finance for the fiscal management and our relations with the Communal Budget.

Neither is it correct, as you say, that we will not be able to draw from the resources of the Regional Fund. Before our accession to the Regional Fund of the Community, we already submitted plans for the regional development and infrastructure projects of the state and of the public agencies which have already undergone their processing by the Communal agencies and only their formal approval remains following the accession.

With these plans we will be able to absorb during the first year 125 million ERM, that is, 7.5 billion drachmas in assistance from the Regional Fund. This is quite a feat because the initial member-states needed years after the establishment of the Regional Fund to draw the initial assistance.

I fear that in this sector we encounter facile criticism, often inspired by partisan opposition, which harms the interests of the country because it undermines the prestige of the Common Market. The accession to the Common Market is an event of tremendous significance for our country and we must all face it with a similar sense of responsibility.

[Question] The beginning of the accession coincides, to our misfortune, with very unfavorable conditions in the world economy and especially in the area of the EEC, and this creates additional problems for Greece's smooth accession. At the same time, 1981 happens to be an election year *[for Greece]* with the result that the electoral campaign for victory puts on the back burner the need for added efforts and the introduction of some possibly unpopular measures, to prevent irreparable damage. What are you planning to do to overcome the problems created by those contradictory goals? What will you do specifically with the civil service which can be improved and made more productive only with unpopular and radical measures?

[Kallis] There is no question that our accession coincides with a difficult period in international economic developments. The oil crisis which broke out in 1973 has deeply affected the world economy. Inflation, unemployment, lack of investment, and stagnation in the expansion of the national product, are the major problems facing all countries, and they are due mostly to the oil crisis.

There is no doubt that the economy of our country has been affected by these developments more than that of other more developed countries, because of the structural weaknesses of our country. For this reason, the problem of adjusting is more difficult in our case. The government is determined to take every measure that can help the adjustment effort and I must assure you categorically that the fact that we are in an election year will not prevent us from taking the necessary measures. The government is determined to protect and safeguard, in the interest of the Greek people, the benefits we expect from our accession to the Common Market.

[Question] You claim that our country's accession to the Community will strengthen the democratic institutions. Yet the Community refused to condemn the overthrow of democracy in Turkey. Don't you think that there is a certain contradiction between your expectations from the Community and the actions or the potential actions the Community can take to strengthen democracy? What leads you to believe that in the case of Greece democracy will emerge stronger?

[Allis] With the exception of the United States, India, Japan, and Israel, the last refuge of multiparty democracy is in Western Europe. The form of government, in which organized parties with established principles alternate in power according to the popular mandate, prevails in the states which participate in the European Community and beyond in Sweden, Finland, Norway, Switzerland, Austria, Portugal, Spain, and Greece. For the peoples of Western Europe, the multiparty democracy is not merely the established form of government as a result of their historical development. It is the philosophic foundation of their political life. I believe that whatever the social developments in Western Europe may be, the selection of officials by a popular majority, the exercise of power within specified time limits, the existence of an effective opposition, and the chance to alternate in power following universal secret ballot, will survive. These fundamental principles are so deeply ingrained in the consciousness of the West Europeans that they regard them as automatic conditions and requirements of public life whose absence negates the very value of their personal lives. The peoples of Western Europe are united in their determination to safeguard this form of democracy. And they are prepared to fight to preserve it. This leads me to believe that our being one link in this chain of European solidarity strengthens the democratic institutions in our country.

With regard to the attitude of the Community on the developments in Turkey, your question is not correct. The Community perhaps did not condemn the overthrow of democracy in Turkey but neither did it accept it. The Community does not have organic processes for the protection of democracy. But it has constitutional requirements. It does not accept states which do not have a democratic form of government. And certainly, it will expell any member-state which will domestically end its democratic form of government. Turkey is not a member of the Community, and of course it will not be accepted unless it restores democracy.

On the other hand, we should not forget that in the last few years Turkey has lived in the throes of an armed struggle between extreme-right and extreme-left factions, which led inevitably to the establishment of an autocratic regime, either of the right or of the left. The intervention of the army leaders was explained as necessary to put down the violence, and the new regime promised from the outset to improve the imperfections of the [Turkish] constitution and to restore democracy. In view of this statement, the Community--as well as the Greek government--adopted a wait-and-see attitude. Therefore, the position of the Community toward the military regime in Turkey does not imply any contradiction to its constitutional principles, nor does it indicate a retreat from its attachment to the principles of democracy. And, of course, it does not minimize the expectations I mentioned earlier with regard to the strengthening of the democratic institutions in our country following our accession to the European Community.

[Question] As has been admitted by the European Committee, Greece's participation in the Community will lead to a higher rate of inflation and possibly unemployment. How do you plan to deal with inflation and unemployment?

[Kallias] Our accession to the Community will not lead to a higher rate of inflation. First, in the sector of farm products, by comparing the Greek prices to those of the Community we find that in the case of many products we will have no increase in prices following the accession because we are already at the Community levels. In other cases the differences are small and adjustment to the Community levels will be spaced over a period of 5 years.

The overall effect on the general price index due to the adjustment of farm prices is estimated to be 4 to 5 percent, or approximately 1 percent annually. But even this minimal effect will be offset up to a point at least by the downward effect we expect on the prices of industrial products with the gradual abolition of tariffs, the elimination of prepayments, the complete liberalization of imports and their relief from bureaucratic impediments. Therefore, our accession to the Common Market does not worsen the conditions which account for the rate of inflation in our country. The government, with the economic policy it has announced and is already implementing, expects to put inflation under control so that for the year 1981 it will be below 20 percent.

Also, with regard to the problem of unemployment, I do not think that the accession to the Common Market will lead to an increased number of unemployed because we do not believe that the accession will have an adverse effect on our industrial and agricultural production. On the contrary, we expect that both the industrial and farm production will have possibilities of expanding and absorbing even greater numbers of working people, as I explained earlier.

[Question] What do you think will be the effect of our membership in the Community on the major issues of our foreign policy, such as relations with Turkey, the Cypriot question, and so forth? On a number of issues the Greek and Community positions differ substantially. Will Greece be obligated to align its positions with those of the nine [members] or will it be able to avoid it (on Israel, for instance, on relations with the Arab countries, on the PLO, and so on)?

[Kallias] We must clarify from the outset that at the present stage, and I fear for a long time to come, the Community will not be able to carry out a common foreign policy. Let us not forget that the Community includes Ireland among its members although it [Ireland] does not even belong to NATO, while on several specific problems the foreign policy of the member-states is not identical. On the other hand, the international orientation of the Community along general lines coincides with that of Greece. As a result, we can be sure that our membership in the Community will not affect adversely our position in dealing with the issues we care about, such as the Cypriot question or our relations with Turkey. I might even say that because of our advantageous geographic location, our traditional ties we maintain and the trust we enjoy in the Arab world, we will have increased possibilities to present our views and to influence favorably the promotion of solutions to stabilize the peace in the Middle East region.

Question If during the implementation of the accession regime it turns out that the Greek economy receives severe blows, for example, because of a closing of payments due to extensive imports or the closing of enterprises due to foreign competition or if our country pays more than it takes out as forecast by those who oppose the accession, how will you face such a situation?

Ballis I do not expect the Greek economy to suffer an early upheaval because of the accession. In the industrial sector the tariffs between Greece and the Community have been abolished already by 66 percent; in the farm sector we expect benefits both from the increase of farm exports to the countries of the Community and from the overall protection of the Common Agricultural Policy.

If in spite of all this, the developments of the international economic conditions create a difficult transitional situation in our balance of payments, the Treaty of Rome provides for all the mechanisms to deal with such difficulties. We must all understand that following our accession the problem of the balance of payments which we or any other member-state may face is a Community problem and the Community under the provisions of the Treaty of Rome decides on the appropriate measures to deal with it. These measures in their initial stage usually provide for the possibility of economic aid to the country which faces a balance of payments problem for its solution on an organic and sound basis.

I am optimistic that we will pass the first stage of adjustment without any need to resort to the Community protective mechanisms which have so far been used by other members of the Community both from the initial six members and the three new members which joined in 1973. I was astonished to hear during the debate on the budget the leader of the opposition Papandreu argue in the Chamber of Deputies that instead of joining the EEC we should better sign a special agreement such as that signed by Yugoslavia. I am afraid that supporting such an argument reveals that Mr. Papandreu has not even read the two documents. Because the special agreement between EEC and Yugoslavia does not compare, not only with the Accession Treaty but even with the association agreement we had until yesterday. With a special agreement of the Yugoslav type we would not have any concessions with regard to the industrial products we wish to export such as fertilizers, tubes, clothing, shoes, leather goods, textiles, and others. By contrast, under the accession all those products will move freely, without restrictions, tariffs, or other burdens. Our farm products would have no privileges except for some small tariff reductions in a limited number of items and inconsequential quantities. On the contrary, the Community would treat us as a third country, that is, would apply tariffs on us equalizing contributions and quantitative restrictions. Even for the marketing of our farm products in the countries of the Common Market alone we should have tried by all means to accomplish the accession.

In the finance sector, the special agreement provides for loans of 200 million ECU to Yugoslavia from the European Investment Bank in the course of 5 years. With the accession we secure under the present conditions at least 250 million ECU in 1 year, not in the form of loans but in the form of free grants from the Communal Funds, not taking into account the possibilities for loans from the European Investment Bank which may reach 400 million ECU per year.

I look confidently into the future. Provided we all believe in this and if we truly love this country, we should help to achieve the success of this policy which is a milestone in the country's history.

Question If a government is formed by another party and decides to take Greece out of the EEC, how will your party react to it?

Rallis We believe that our accession into the EEC is the best possible choice for the short-term and long-term interests of our country. With the very few exceptions of long-established, traditional neutrality based on an international consensus, no country in today's world can live as an isolated island. The term "nonaligned" has no real meaning in today's international reality. It is either Utopian romanticism or deceptive sloganizing. Therefore, in the totally unlikely case when an opposing party, becoming the government, would decide to take Greece out of the EEC we would react, as the opposition party, with all means provided by the parliamentary democracy to avert the taking and implementing of such a decision which we believe will be destructive for the interests of our country.

Question What would you like to recommend to the Greek citizens as the head of government in the context of your declaration for candor in the relations between the government and governed so that the transition to the wider European region covered by EEC will be more fruitful and less painful?

Rallis This question raises a critical problem we must resolve. With our entry into the European Communities, the relations between the government and the governed in our country must be dealt with at two levels, domestically and internationally. As the communication and cooperation of private initiative among the peoples of the member-states will be increasing and expanding, the relations between the government and the governed domestically must be adjusted to the levels reached by the peoples of the Community. It is necessary to overcome the residues of oriental mentality which press upon the functioning of our civil service and to restore the European spirit of cooperation.

The cooperation of the Greek citizens but also of the Europeans who will necessarily come into contact with our civil servants should not be entangled in the negative-bureaucratic spirit which discourages private initiative. But even beyond this, the civil service, following the accession, will shoulder an additional mission of great significance. It must be able to help the citizen in his complex relations with the economy and the administration of the other member-states, so that with its assistance to facilitate the development of initiatives and the handling of activities in the countries of the Community.

To achieve this high level in the relations between the government and the citizenry both domestically and internationally, it is imperative that the Greek citizen adopts, whether he is an official or a governed, a position more responsible and more candid. We must abolish the habit of giving each other a hard time. The civil servant must understand that his main mission and basic duty is to serve the citizen. By serving the citizen with speed and understanding he speeds up the pace of administrative functioning, raises productivity, strengthens the economy and in the end he benefits himself. This is so because if this rate of activity becomes the rule he will cease to be mistreated as a citizen in other areas

outside his area of jurisdiction and in addition because only in the context of a well-governed state are the interests and the dignity of all citizens safeguarded.

But the citizen also must cease to face the state in the person of the civil servant as an opponent and an enemy. In his dealings with the civil service he must be candid and reasonable. He must claim only his legitimate rights and not unreasonable interests. He must not try to deceive the administration because by so doing he triggers a reaction of responsibility-phobia, jams the functioning of the state machinery, and undercuts the prestige of the state with the result that society as a whole is hurt and in the last analysis the citizen himself is hurt. For these reasons, what I would like to recommend to my fellow-citizens is that if we wish to reach the cultural and economic level of the Community, we must restore a sincere, close, and effective cooperation between the citizen and the administration.

The Interview With the Chairman of PASOK

Following are the responses of Panhellenic Socialist Movement (PASOK) Chairman Andreas G. Papandreu to the questions of O OIKONOMIKOS TAKYDROMOS for its special New Year's edition devoted to Greece's accession to the EEC.

[Question] The position of your party as well as your personal view is totally negative toward the accession to the EEC. You have repeatedly characterized this decision of the government as catastrophic for Greece. Do you think that the negative effects will affect equally all branches of the economy and all categories of the working people? Are there any categories which will not be affected or could you perhaps even identify any categories which will benefit?

[Papandreu] To isolate certain branches of production or categories of working people, which appear to be unaffected directly or which are even supposed to benefit from the accession, is a deceptive method for evaluating its consequences. There can be no balancing of benefits and losses once we accept that the accession will aggravate all the crucial economic problems facing the country: inflation, balance of payments, slowdown of investments, recession.

The accession threatens to undermine the more basic sectors of production and to have painful consequences for all working people. Industry is left exposed to the competition of the capitalist monopolies and to the products of the developing countries. Important industrial branches and a large number of small and medium-sized enterprises are in danger of being displaced from the domestic market and consequently to be eliminated, while the accession will not open any new markets for other branches. The prospect of a reduced demand for Greek products is, anyway, one of the reasons for the current investment crisis.

Agriculture is turned over to a system of "common policy" which leads to the desertion of the countryside, scandalously favors the "northern" products at the expense of the Mediterranean products and the large-scale farmers against the small farmers. If matters are left as accepted by the government, it will be impossible in the coming years to maintain the purchasing power of our farmers without a continuous and extensive devaluation of our national currency.

It is obvious that the accession will not hurt directly and equally all branches and all incomes within each sector. Especially in the sector of services many categories of businessmen will be hurt by the right of free residence of foreign entrepreneurs, while for others the accession will ostensibly be an indifferent development. Maybe one may even note cases of small groups--of importers, for example, who perhaps may derive short-term profits from the accession.

But how much importance can this have compared to the higher unemployment, the worsening inflation and the balance of payments deficit, in the slowdown in investments and the reduction of the national product? Chain reactions will start from the sectors which are immediately threatened, resulting in a generalized and worsening economic crisis in the country. The categories of working people who under a static review appear to remain unaffected or who might even benefit from the accession, they, too, will suffer its consequences.

[Question] PASOK has declared that it will put to the judgement of the Greek people in a plebiscite the question of the country's accession to the EEC. Should the president of the Republic agree and the plebiscite is held and has a negative result (against our staying in the EEC) will PASOK withdraw Greece from the EEC? Such a momentous decision will not only have positive but also negative consequences for certain branches (that is, importers, certain categories of farmers, exporters, the producers of export products, and so on). Have you studied in detail and in depth those consequences and will you inform the Greek people about them prior to the plebiscite so that the people will know the specific consequences of their vote?

[Papandreu] We have repeatedly said that the possible refusal of the president of the Republic to accept the demand for a plebiscite will be a mistake. Since the plebiscite will take place, it would be unthinkable that its only objective would be to poll public opinion. It is absolutely clear that the people will be called to make a specific decision which for any democratic government, and much more for us [our government], will constitute a mandate to implement it.

We believe that the withdrawal from the Community, if that is the public verdict, will have momentous positive repercussions to the extent of the negative effects which, as I outlined in replying to your previous question, the accession will have. It is useful, however, to remind you that our assessment about the consequences of the accession, beyond the responsible study and analysis of our economy, is reaffirmed by the record of the operations of the Common Market within its own area. I refer to the unquestionable expansion of the inequities between the more advanced and the less developed regions of the Community, between the high and low incomes, according to official Community data which I recently presented to the Chamber of Deputies. After 22 years of operation these results prove that the framework and the rules of the Common Market work against the semi-developed industrial regions or members which are located on the periphery of the capitalist center.

It is further necessary to remind you that the withdrawal from the Community does not in any way imply a breakup in our relations with it. Our intention is--and that is the mandate we will seek from the Greek people--to negotiate a special relationship with the Community which will correspond to our country's true interests.

with regard to the enlightenment of the Greek people, the new element of primary significance is that when PASOK comes to power, for the first time and not in the context of a specific measure but as a result of our basic policy with regard to the use of the mass media, the opposition parties and the genuine representatives of the productive classes and of the consumers, including of course those who believe that they benefit from the accession, will be invited to present their views to the Greek people under the same conditions and on the same terms as the government.

[Question] If in the end the conduct of a plebiscite is not possible, what other alternative solutions do you contemplate? Do you plan, for instance, to attempt the renegotiation of certain clauses of the Accession Act?

[Papandreou] A PASOK government will fight at all levels of the Community and with all the means at its disposal to defend the interests of the working people. The fight within the institutions and the agencies of the Community will take two directions.

The first refers to our attitude on the tough negotiations which are taking place--and it is not difficult for us to be tough--among the member-states in the taking of crucial decisions such as those which determine the support prices for farm products. The second refers to the wider effort to change the institutions, the rules, the operational terms of the Community; to strengthen the system for the protection of the Mediterranean products; to promote a real policy of regional development; to recognize Greece's right to implement the national policy required by its development.

The last issue is particularly significant. A basic disadvantage of the accession, which is largely the cause of its adverse consequences, is that it essentially limits our possibilities to implement a national policy, either because crucial decisions on our economic policy will be made abroad with criteria--as is already proven--based on the interests of the strong, or because the rules of the Common Market which were established or which function for the benefit of the capitalist economy and of the monopolies forbid the taking of measures which are absolutely necessary to stop the downslide of the Greek economy and to set the foundations for its independent development.

The obligatory discipline within a framework and a policy which up to a point will be determined abroad cannot be more effective than the levers of national policy, when the will and the ability to use them properly exists. We are fully aware how difficult will be the timetable to overturn the foundations on which the Community is based today. But it is a fact that these foundations are being questioned increasingly within its own ranks, and in our effort we will have the precious support of the socialist and progressive forces which now say openly "either the Community must change or we should get out."

To implement the necessary policies we will use extensively the escape clauses and protection contained in the Treaty of Rome, provided the Community will not raise, as usually happens, conditions which will negate the objective these clauses were designed for. We consider very likely--almost certain--that our struggle within the Community framework will not be sufficient to protect our

interests. Consequently, we will ask the renegotiation of those provisions in the Act of Accession which hurt the Greek interests.

Finally, I have emphasized that if the only solution for the implementation of the plan for the economic and social development of the country is to violate the law we will not hesitate to go that far. Within the Community there are many precedents of renegotiations which resulted in new arrangements as well as precedents of unilateral actions by member-states which felt that some of their important interests were affected so that my statement is made with no difficulty on my part.

The reply that the national interests are stronger than the Community rules only for the big countries is not sound. A Greek government, strong and determined, will not be in such a disadvantageous position as some think. The Greek market is no less important to the Community than the Community market is to Greece. .

[Question] You claim that instead of the complete accession to the EEC, more advantageous [to Greece] would be the signing of an agreement such as the one recently signed between the Community and Yugoslavia. Since almost no Greek seems to know the content of this agreement, would you like to give us its basic points so that the people will be informed about its advantages and in what way it differs from full accession?

[Papandreou] We have spoken specifically about the agreement between the Community and Yugoslavia--a nonaligned, European and Mediterranean state, as stated in its preamble--because it is the most recent and the most comprehensive agreement of cooperation among those signed by the Community. It covers the economic, technical and social sector, the trade exchanges and the financing of the Yugoslav economy. The agreement clarifies that the role of the Community in the development of production and the improvement of Yugoslavia's economic structure will be auxiliary to that country's efforts. The goals and priorities of Yugoslavia's development plans are acknowledged. The different level of economic development in the two parties and the necessity to assure a better balance in their trade relations is taken into account.

In the implementation of these principles the import into the Community of all industrial products from Yugoslavia is free, as a rule, that is, without quotas or tariffs or other protectionist measures. Except are certain sensitive products for the Community for which, however, there are provisions for progressive liberalisation.

In the agricultural sector the Community offers a favorable regime for the import of farm products, processed or not, which are of particular interest to Yugoslavia, such as meats.

Finally, with regard to the Yugoslav workers who work in the Community, the agreement provides for the very same conditions and compensation as those applying for workers of the Community and the same social security benefits and obligations for them and the members of their family living with them. The agreement further provides for the broad development of industrial, technical, and scientific cooperation. A decisive element in this agreement is that in exchange for the extensive opening of the Community borders and the other favorable arrangements, Yugoslavia does not assume any real obligation toward the Community. In fact,

it maintains the right to restore tariffs and quotas if this is dictated by its industrialization and development.

Our position is not that we will try to achieve identical arrangements. Each agreement has its own particular measures dictated by the economic or social characteristics of the country which is negotiating with the Community. What is of interest here is that the Community by this agreement and others similar to this recognizes in practice something which does not apply to its member-states, namely, that a country's lower level of development justifies a special relationship, a special treatment which allows the country, in cooperation with the Community, to follow freely the course it has chosen because it felt that such course better serves the interests of its people. For us this course goes through national planning and leads democratically to the great socialist change.

[Question] Why is PASOK limiting itself only to the condemnation of the accession instead of discussing it systematically by referring to the specific clauses of the Treaty of Rome, as well as to the essential omissions, in your view, of the government in establishing those measures and institutions which will facilitate the utilization of the accession's positive elements.

[Papandreou] A study of the terms of accession indeed gives the impression that the Community needs more protection during the transitional period than Greece. Thus, in each point where the adjustment period was set at 7 instead of 5 years it is because the Community asked for it. Wherever there is a special safety clause it operates only to the detriment of Greece.

These terms, as well as many others, show beyond doubt--something which no longer impresses us--how much the government was not up to par both at the political and technical level of negotiations. But it proves something else, too, which for those who did not know it is very significant. The Community, as its spokesmen have admitted, took advantage of the Greek weakness to extract unreasonable concessions. Where is the communal solidarity which the government so often invokes? What will change after the accession--I mean in the case of the Community, not in the case of the Greek government--when questions will come up for negotiation, when the interests of the other member-states will be in conflict with the Greek interests?

[Question] Because very little has been said so far on the consequences the accession into EEC will have on the workers and employees, would you like to tell us if you agree that the accession will have essential, positive effects with regard to the level of wages, working conditions, the protection of trade union freedoms, and the regime of social insurance? Also, do you agree that the accession will prove especially beneficial to the Greeks who work in the EEC countries since they will acquire the same rights as the host citizens?

[Papandreou] I think we must separate two things. There is no Community regulation which provides for the equalization or approximation or minimum wage levels in the member-states. The level of wages depends on the national social policy and naturally on the rise in productivity and the rate of economic growth. If the accession proves to be, as we believe, an impediment to the [economic] development, it automatically will have adverse consequences on the purchasing power of the workers and employees.

With regard to the social protection of the working people, there are indeed communal rules for improving the working conditions and the social security. In fact, for some of them the government asked for, it succeeded in postponing their implementation.

A PASOK government will not need outside pressure to improve the working conditions and the [social] insurance of the working people or to expand the trade union freedoms. These are basic measures which it will take immediately to an extent greater than what the Community requires, because [the PASOK government] considers it to be its obligation toward the working people. You also mentioned a third subject--the position of the Greeks who live in the Community. I remind you that this is one of the cases when the government accepted a 7-year transition period for the complete establishment of their rights while in the previous expansion of the Community there was no transitional period in this sector for the new members.

The PASOK objective is to create as soon as possible in Greece the conditions which will enable the expatriates to return home and work in their country. Until those conditions are created the rights of the Greek emigrants will be safeguarded in the context of a special relationship similar to that of Yugoslavia.

[Question] How do you plan to take advantage of the close relations you have developed lately with almost all socialist parties in the West so that the accession into the EEC will be as painless as possible for our country and in order to promote the common interests of all nonprivileged classes, in close cooperation with the popular strata of the European countries?

[Papandreu] The continuing expansion of cooperation on foundations which are already set and according to plans which move on satisfactorily guarantee the utilization of Greece's relations with the socialist parties. The points which tie us together on the most crucial questions of our time are many and substantial. They include the struggle for detente, for the liberation from the monopolies and the oligarchy of wealth, for the realization of popular sovereignty. The special conditions which exist in each country often require different treatment of specific issues. But even in this case the understanding of the respective conditions leads to an understanding of views, and to respect and even support for its positions by the other socialist parties. This is particularly significant both in the case of the common struggles we will wage within the Community and especially in the European Parliament where the strongest group is the socialist, as well as outside the Community for detente, disarmament, socialism, and democracy.

[Question] With the accession being an accomplished fact, what advice would you like to give to the Greek citizens as a political leader who is striving to come to power and therefore may assume within this year the governmental responsibilities, in order to make more fruitful and less painful the transition of our country into the wider European economic area covered by the Community?

[Papandreu] I am afraid I will disappoint you because I have nothing in particular to recommend to the Greek people because our country is now a member of the European Communities, although the accession will aggravate the existing problems and will create new ones.

PASOK will move forward to the great change desired by our people and needed by our country regardless or even in spite of the accession. The only way to

ameliorate the consequences of the accession, until the people have a chance to decide its fate in a plebiscite, is to have a government with the will, the power, and the ability in its relations with the Community to protect the interests of the country with all the means which I mentioned in response to a previous question.

Highlights of the Two Interviews

We highlight the following points included in the interview with Premier G. Rallis:

1. The accession to the EEC was necessary because the country's economy has reached a level of development which required that in order to achieve its further rapid continuation we need to create a competitive production in industry and in agriculture and a market for our products.
2. The government is determined to take every measure to help the effort for adjustment and for the adoption of the necessary measures and it is not going to be prevented from doing so because of the fact that we are in an election year.
3. The Community has no organic procedures for the protection of democracy, but it has constitutional ones. It does not accept in the ranks countries which do not have a democratic system. And, of course, it will expell any member-state which will abolish democracy domestically. Turkey is not a member of the Community and of course it will not be admitted unless it restores democracy.
4. Rallis, disagreeing with the opposing forecasts of the EEC Committee, believes that the accession will not push up the prices but instead inflation in 1981 will fluctuate at levels below 20 percent, and that unemployment will not increase.
5. Because of our advantageous geographic location, the traditional ties we maintain and the trust we enjoy in the Arab world, we will have increased possibilities following the EEC accession to present our views and to influence favorably the promotion of solutions for stabilizing peace in the Middle Eastern area.
6. If the development of the international economic conditions create a difficult transitional condition for our balance of payments, the Treaty of Rome provides for all the mechanisms needed to cope with such difficulties. Following the accession these difficulties change from a purely Greek problem to a Community problem and we expect the Community to help us out.
7. According to Rallis, to support the suggestion for signing a special agreement similar to that of Yugoslavia "proves that Mr. Papandreu has not even read the two texts (that is, the agreement for Greece's accession to EEC and the special agreement between Yugoslavia and EEC)." Because with such an agreement we would have no concessions for the industrial products we want to export, our farm products would have no privileges, and we would get from the Community Funds no grants but only loans.
8. In the totally unlikely case when a party opposing the New Democracy Party would come to power and decide to withdraw from the EEC, then New Democracy would react as the opposition party with all the means offered by Parliamentary democracy to avert making and implementing such a decision which would be catastrophic for the country's interests.

9. Finally, Rallis believes that it is necessary to overcome the residues of oriental mentality which dominate the functioning of the administration in our country and to restore the European spirit of cooperation.

We consider the following points from the interview with PASOK Chairman A. Papandreou as worth noting:

1. A question of balancing benefits and losses ceases to exist if we accept that the accession to the EEC aggravates all the crucial economic problems facing the country. The accession threatens to undermine the most basic sectors of production and to have painful consequences for all the working people... From the sectors which are directly and crucially threatened there will be chain reactions resulting in a general and worsening economic crisis for the country.
2. PASOK has the intention, and will ask the people at the next election to give [it] the mandate, to renegotiate with the Community a special relationship which will serve the country's real interests.
3. PASOK will implement an information plan concerning EEC which [plan], for the first time and not in the context of a special measure but within a general policy on the use of the mass media, will enable the opposition parties and the genuine representatives of the productive classes and of the consumers, including those who believe that they benefit from the accession to present their views to the Greek people, under the same terms and on the same basis as the government.
4. PASOK in the government will use extensively the escape clauses and safety clauses contained in the Treaty of Rome and will ask for the renegotiation of the arrangements in the Act of Accession which hurt the Greek interests. (This last point is made for the first time by the PASOK chairman.) Finally, it will not hesitate to even violate the EEC rules in order to implement the plan for the country's economic and social development.
5. Papandreou describes the content of the special EEC-Yugoslavia Agreement and will try to have it applied in the case of Greece. We must note that the information given by Rallis and Papandreou differs substantially!
6. The study of the accession terms gives the impression that the Community was more in need of protection than Greece. Whenever a 7-year instead of a 5-year adjustment period was set, it was done at the request of the Community. When there is a safety clause it operates only at the expense of Greece.
7. There are indeed Community rules for improving the working conditions and social insurance. For some of them, the government asked for and obtained postponement of their implementation!
8. Finally, to the question of what he would like to recommend to the Greek people to make the transition of our country into the wider European region more fruitful and less painful, Papandreou replied that he has nothing in particular to suggest.

7520
CSO:4908

CHANGES PLANNED FOR IRI'S FINANCIAL GROUP SPA

'Radical Transformation' of SPA

Rome L'ESPRESSO in Italian 1 Feb 81 pp 99-100

[Article by Tullio Fazzolari: "Double O Seven With License To Sell"]

[Text] Rome--This Cinderella of the IRI [Industrial Reconstruction Institute]--the Stock Participations Company (SPA)--will soon have its moment of glory too. At last, after 12 years of a stunted existence, it will be assigned a specific function. The IRI in fact intends to make a radical transformation in SPA. Under the institute's plans this finance corporation (the smallest and poorest of the state participations group) would become a sort of big parking lot: in a certain sense, the GEPI [Industrial Participations and Management Company] of the IRI. In the future, all those firms which because of their size or their type of activity do not fit into the strategies of the other finance corporations would wind up in the SPA: for example, those small companies under the control of FINSIDER [Iron and Steel Finance Corporation] which are not involved with steelmaking, or those within the EMS which have no connection with the food sector.

Above all, the plan for transforming the SPA even specifies what the fate of many of these companies may be. The function of the SPA will first and foremost be to rehabilitate these companies. In a second stage, however, its function will also be (if possible) to transfer them--even if this means selling them to private parties--in order to ease the burden on the system of state participations.

IRI's plan for the SPA is condensed into a 10-page document which as of 22 January had already been studied by the executive committee of the institute. The starting point for the entire operation is the major crisis through which the SPA is passing. "This finance corporation," the document states, "more than a decade after its founding, finds its own field of activity substantially reduced, with certain companies under its control (ITALGEL [frozen foods], Maccarese and SIFA [construction and investment company]) being placed in a more appropriate operational context." In other words, if a few companies are sold off the SPA will have nothing to do.

The figures give a clearer picture of the IRI document. In 1979 the balance sheet of the SPA (which has a total of 10,000 employees) ended the year with a deficit of more than 39 billion lire. The worst is probably yet to come, however: the initial data for 1980 already indicate that the deficit has increased to 70 billion. Total indebtedness was 370 billion: slightly less than total sales, which were 390 billion. Nor do future prospects seem any brighter. The SPA is burdened by the former EGAM [Agency for the Management of Mineral and Metallurgical Concerns] companies

which are managed by its partner the SPI [Industrial Promotion and Development], and by some of the worst "black sheep" of the state participations group, such as the Maccarese agricultural company (which, with 600 employees, loses 6 billion lire) or SIDALM [expansion unknown] (the former UNIDAL [expansion unknown] and the former Motta-Alemagna). Moreover, the attempts to get rid of Maccarese are proceeding slowly at the present time. A proposal by CONFAGRICOLTURA [General Confederation of Italian Agriculture] came to naught. The negotiations with Nestle and with the cooperatives are still in progress.

In the meantime, something had to be devised to rescue the SPA. Not being able to improve the SPA's profitability with the wave of a magic wand, the IRI wants to rehabilitate its image by assigning it two functions: "1. The 'traditional' role of managing the various firms of the group that cannot be clustered into sectorial finance corporations," in order to carry out "a major rationalization of the activities of the IRI group; 2. A second role that would give the SPA the character of a 'specialized' finance corporation in connection with operations for the 'restructuring-reconversion-demobilization' of individual firms." In this sense, the IRI adds, "SPA could assume charge of managing business situations, even with the objective of placing them in a more appropriate context (with state or private participation) that could provide better operational conditions for nonhomogeneous companies."

SPA would find itself promoted from the status of "trash can of the IRI" (as it has been described) to that of "sanatorium"--and also to that of a "waiting room" leading to a transfer to other (mainly private) groups. Once the strategy is chosen, however, the most difficult part remains to be carried out: that of converting the IRI's aims into reality.

How many firms--and which firms--will be transferred to SPA? They should number no more than about 15 in all. In any case, a period of negotiations between SPA and the other finance corporations will begin. FINSIDER, for example, has eight companies that do not fit into its operational grouping. It is inclined to keep them for itself, however--or to sell them directly to the private groups. That is the case with CEMENTIR [Tirreno Cement Works], whose possible purchasers are the Ferruzzi group, Fiat, ITALCEMENTI [Italian Cement Company], and even the ENI [National Hydrocarbons Agency]. FINMECCANICA [Mechanical Engineering Finance Corporation], too, could divest itself of the San Giorgio Domestic Electrical Appliance Company (whose sale to the private sector was blocked by the politicians 2 years ago) and the IOR [expansion unknown] (which produces solar lenses and panels), but it is uncertain whether these firms should comprise an "in-house group" or whether everything should be turned over to the SPA.

All in all, no more than 15 companies will be transferred to this finance corporation, and some of them--as for example ALFACAVI [expansion unknown] and NAPOLGAS [Naples Gas Works]--are already on the point of leaving the IRI group. Various other companies will probably share the same fate. What benefit will this be to the state participations? "Not very much," observes Andrea Margheri, PCI [Italian Communist Party] deputy and economic expert. "The divestments may be useful, but a reorganization of the IRI ought to be based on something quite different, and above all on new ideas and initiatives." The IRI people, however, are of quite a contrary opinion. They would rather get rid of these burdens, by rehabilitating and even by selling. Without too much reticence, they let it be known that they would be happy to do without RAI [Italian Radio Broadcasting and Television Company] and certain

other firms which perform "anomalous" services, such as the Circonvessuviana and Tangenziale of Naples. The SPA appears to be the proper instrument for getting rid of many "barren branches."

Crisis in Steel Sector

Rome L'ESPRESSO in Italian 1 Feb 81 p 100

[Article by Andrea Margheri]

[Text] The crisis in the iron and steel industry has seen the government, the IRI and FINSIDER abandon their responsibility for coping with the current difficulties in the international and European markets. The public sector of the iron and steel industry has been the scene of a disastrous adventure on the part of a leadership group which in the face of the profound changes that have taken place in international relations has been incapable of developing an effective rational response based on a reorganization of mass production techniques and on the development of the manufacture of special steels.

Who, then, has the responsibility? Neither the government, nor the IRI, nor FINSIDER can handle with such great haste a problem which the resignations of the president of ITALSIDER have abruptly laid bare: the delay in the programs already agreed to, the lack of ideas and initiative, and the clumsiness and indecision in relations with the European Community. Engineer Puri ought not to be the only one to leave: the resignation procedure also exists for the benefit of Sette, Capanna and Armani.

For this reason the PCI is requesting a check on the status of implementation of the program that was approved in 1978. It would be a relentless evaluation of the hesitation, the strategic errors, that have combined their disastrous effects with the hostility manifested by the DC [Christian Democratic Party] and DC administrations toward the very concept of planning.

Reform, therefore, is not enough: it is a question of opening the way to new development. There is as yet no sign, however, of any desire to adopt this course. Quite the contrary: there has been, up to now, a precipitous movement in the opposite direction.

The difficulties began when the technical committee for the steel industry (presided over by Professor Armani) published its forecasts with respect to the growth in consumption in Italy. Since then Italian steel policy has been of the "recessive" type: on the European scene, we agreed to be placed on the same level as other countries which have an industrial history that contrasts with ours both in terms of the intensity of steel consumption in past decades and in terms of the degree of modernity of the structure of Italian production. In Italy, while the investments allocated to Bagnoli, Cornigliano, and others remained intact, the decisive opportunity for development of the special steels industry was lost.

To an objective crisis on a worldwide scale, we thus added the "autarchic" crisis of Petrilli and Armani, and IRI and FINSIDER have continued on the same course. Today we are under the gun of the commercial aggressiveness of the other countries and continue to increase our imports while bankruptcy threatens.

De Michelis now shouts that it is an emergency; but where was he when la Malfa was blocking the participations of the 675? Action must be taken speedily, and on all fronts: recapitalization, a plan for reconversion, a reduction of the financial burdens. In view of the 1 trillion lire in losses, however, the money will be well spent only if there is a change in men and in programs.

10/92

CSO: 3104

COMMON AGRICULTURAL POLICY PROBLEMS PRESENTED BY EEC ENTRY

Lisbon EXPRESSO in Portuguese 31 Jan 81 p 19

[Article by Antonio Neto da Silva: "Macroeconomic Consequences of the CAP"]

[Text] What the CAP Is

The CAP (Common Agricultural Policy) is an EEC policy that all the member states must observe and the purposes of which are:

- a. To increase agricultural productivity.
- b. To increase the output of farmers so that the difference between it and the output from other sectors of the economy will be reduced.
- c. To stabilize markets so that the supply and demand will not differ beyond certain limits.
- d. Security in supplies of agricultural products.
- e. Establishment of reasonable prices to the consumer.

The CAP has succeeded in fulfilling some of these goals. Its implementation has made it possible to raise the levels of agricultural productivity and the community market's self-sufficiency in many products, and has succeeded in averting short-term fluctuations on the market through a device that removes the surpluses from the market when they exist, and restores sufficient levels of supply when the demand exceeds the free supply on the market. However, it has failed:

- a. To give the poorer farmers a decent standard of living, benefiting the richer ones.
- b. To significantly reduce the difference between the agricultural output and that of other sectors, or even to eliminate the disparities in output among farmers.
- c. To give the consumers reasonable prices. In connection with improving the output of farmers, the CAP has set prices in an artificially high direction in comparison with the prices in effect on the world market. These prices, set and guaranteed in this manner, cause the levels of supply on the market to far exceed the levels

of demand. Thus, surpluses have become a structural feature of the CAP. In order to be able to maintain such high prices within it, the Community has increased its levels of protection for the internal agricultural market, through variable taxes on imports of agricultural products. This procedure has precluded the possibility of less developed countries that are heavily dependent on exports of their agricultural products penetrating the Community's market, even though their prices are substantially lower than those charged by the latter. Making the situation worse, the Community, in order to rid itself of surpluses, sells them on the world market at prices lower than those of the latter market, through subsidies supported financially by the EAGGF (European Agricultural Guidance and Guarantee Fund) and, of course, by the Community's contributors. These two actions combined have jeopardized economic and political cooperation with the Third World, and have caused imbalance on the world markets.

Macroeconomic Consequences of the CAP in Its Present Form

a. On the cost of food products

A country which charges agricultural prices that are close to the world prices, pursuing a policy that is not inherently one of excessive protection for national producers, when obliged to apply the CAP regulations, will experience a substantial increase in the domestic prices of agricultural products. This increase entails a rise in wage demands, in order to replace the real wages that previously existed. Such wage hikes are inevitable, and cause increases in production costs in all sectors of the economy. This rise in production costs causes a decline in the country's competitive capacity on the world market, particularly in industrial products manufactured with intensive labor processes. The prospective increase in prices of agricultural products, caused by the CAP, in Greece, a country with an agricultural production structure similar to that of Portugal, is 15 percent. For products in which labor constitutes 50 percent of the production cost, the increase in the price of production would be 7.5 percent. If we add to this the indirect effects on prices of raw materials, we can expect cost increases of about 10 percent. However, if a psychological effect that is difficult to control is produced, the adjustments could entail a rise in inflation rates, instead of being limited to a single impact. Such inflation would again cause a decline in competitive status that could only be offset by consecutive devaluations that would be reflected in losses from the standpoint of trade.

b. On the balance of payments

The effects on the balance of payments depend on whether the country is a net exporter or a net importer of food products which come under the jurisdiction of the CAP.

A country whose export-import ratio of agricultural products exceeds one will find its balance of payments improved. Before implementing the CAP, it would have to export at world prices that are significantly lower than the Community's prices. After the implementation of the CAP, it would export at prices in effect within the EEC; and the difference between the latter and the price at which its products appear on the world market would be compensated for by a subsidy that the Community itself provides. A country which is a net importer of foodstuffs, and which formerly purchased its products at world prices, will now be forced to purchase those

products at higher prices, whether from its partners in the EEC, or from the previous sources. In the latter instance, the country itself must surcharge the price at which the product arrives at its border with a tax that puts its price on the level of that charged within the Community. The income thus accrued belongs to the Community's budget in its own right and, although it is charged by the importing country, is not accrued by it. The CAP obviously benefits the essentially exporting countries and burdens the countries which are net importers of foodstuffs. Portugal imports 60 percent of the agricultural products that it consumes, exporting but few products from this sector, products which do not even have significant support from the CAP.

c. On the regional imbalances

The average output per agricultural resource in the five most advanced regions of the Community is nearly seven times larger than that of the five least developed regions. Instead of declining, this difference became more marked between 1969 and 1977. This conclusion, revealed in November by M. Giolitti, the Community's official in charge of regional policy, comes as no surprise. In fact, the type of assistance and protection afforded by the CAP varies, depending on the agricultural products. The greatest assistance is given to grains, while fruits and vegetables are the least protected products and beef is in an intermediate situation. The production of grain, milk and sugar is typical of the northern regions of the community, whereas the production of fruit, vegetables and wine is typical of the southern regions. Thus, the rich regions of the north are benefited, while the underdeveloped regions of the south are negatively discriminated against.

Portugal is a region with a typically Mediterranean agriculture, and therefore the implementation of the CAP in its present form in our country would not aid in the recovery from the backwardness from which we suffer.

d. On the distribution of income

d-1. Among individuals

The CAP entails a redistribution of the income of consumers and of contributors to the farmers. Artificially high prices burden consumers. Such prices also cause surpluses, the destination of which is storage or export. Both involve a financial (and economic) cost, reflected in the excessively large size of the EAGGF (absorbing nearly 80 percent of the Community's budgetary expenditures); which, in turn, is financed by customs and treasury revenue of the member nations.

There is also an asymmetrical distribution of the pie. Up until now, the farmers who have offered the largest quantity of agricultural products for intervention have been the ones to benefit most from the high prices per unit produced. Thus, the larger-sized farmers with the largest outputs are benefited cumulatively.

d-2. Among EEC countries

As has already been noted, the basically exporting countries find their status improved, while the net importers are burdened. However, the financing of the cost of operating the CAP is borne by all the member nations, thus involving a transfer of funds from some to others.

The United Kingdom and Germany which, like Portugal, are net importers of agricultural products, have protested against the cost of financing the CAP. Italy, a producer of goods with less assistance, has also accumulated deficits in its balance between the contributions to the EAGGF and the revenue originating from it. However, France, the Netherlands, Denmark and Belgium have accrued net gains.

d-3. Between the EEC and third countries

The EEC's internal prices have served to keep marginal farmers active, with production costs which are reflected in a waste of resources, inasmuch as the products could be purchased at far lower prices abroad. The subsidies for exports of the surpluses thus obtained constitute a real transfer of the resources which were used within the Community in the production of those products to the countries purchasing them.

e. On the appropriation of resources among sectors

In the market economies, prices are the indicators of the relative values of the goods. Prices set for agricultural products, which are abnormally higher than their real value, give erroneous indications on the market, channeling to agriculture meager resources the economic profitability of which would be higher in other sectors of the economy. In the current state of international crisis, this distortion in the appropriation of resources for their more productive uses has serious consequences for the sectors most needful of investment.

f. On administrative costs

The administrative burden is particularly heavy, as a result of all the action necessary for the setting and supporting of prices, reimbursements for exports, levying of taxes on imports, calculation and implementation of monetary compensation, etc.

g. On the development of a community spirit

The problem of the monetary compensation is enlightening. Agricultural prices are set in European accounting units, and are maintained during the period in which they are in force. However, if a country devalues its currency, the price of agricultural products will increase within the country which devalued, something that immediately burdens consumers. If a country revalues its currency, the domestic prices drop, with immediate implications for the output of farmers. Such consequences could be intolerable. Since the price is set and is considered a "common price", the only way of avoiding those effects is to isolate the native markets, through monetary compensation. Thus, a country which devalued keeps the domestic prices unchanged. In exporting, it provides a sum of money which causes its domestic price to drop to the price that the product would have in European accounting units (UCE) at the current rate of exchange. This immediately entails:

a. The absence of a single price on the EEC market.

b. The presence of fiscal frontiers for the imposition of monetary compensation.

c. Increased outlays from the EAGGF to finance these sums.

d. The financing by all the member nations of exchange policies of individual countries.

The consequences of these monetary compensations go much further. What we intend to mention here is only the problem in which the countries have been involved, consisting of mutual recriminations for the presence of this mechanism. In fact, whereas Germany claims that the amounts of compensation serve to subsidize the consumers of Great Britain, the British claim that they serve only to keep the inefficient German farmers active. These petty discussions actually destroy the political desire to progress with the integration process. Moreover, the financing of the cost of an agricultural policy which everyone considers erroneous has led to splits, the results of which have not yet reached their high point. These problems are also a result of the attempt to maintain a planned sector in a market economy.

Portugal's Membership

Throughout the text, it has been shown that Portugal, in the event of the implementation of the CAP, would suffer an increase in the prices of agricultural products that could reach about 15 percent, and might be reflected in other prices as much as from 7 to 10 percent. If the change in the prospects were not significant, the impact on prices could make itself felt without subsequent increases in the inflation rates. Otherwise, the inflation could be fueled.

As a country that is predominantly an importer of foodstuffs, Portugal would suffer a worsening of the lack of equilibrium in the balance of payments. The mounting and maintenance of an administrative structure capable of meeting the CAP's requirements could be an additional financial burden.

The native producers, although they would find their output situation improved and, in particular, would be provided with incentives for structural change, would not be placed on a level with the large European farmers, for two reasons:

a. Property of very small size is predominant in Portugal, and the CAP benefits large-scale farmers.

b. The CAP's assistance is minimal for Mediterranean products.

Hastiness must not make us conclude that it is undesirable for us to join the EEC. The acquisition of an awareness of all these effects can only make those responsible for the negotiations on membership feel that, even before the latter takes place, Portugal must influence the inevitable reform of the CAP. In its present form, it is of no use to us. But, fortunately for us, it is of no use to many of the members of the present Ten. The problem of reform, on which the present members of the EEC are already counting (and this reform is one of the arguments given for the delay in the entry of Portugal and Spain) is tremendously difficult. The interests of powerful and organized groups of farmers are at stake, as are the very political regimes in power (Giscard's France, for example).

I take the liberty of citing the major features of a possible reform, which is owed to John Marsh and which has been given very little attention because many thought that it meant the end of the CAP.

This is the proposal:

- a. A price would be set by the Council at which agricultural products would cross the borders between the member nations. It would be a community trade price, and would also constitute the "price of responsibility" with respect to the rest of the world.
- b. Each member nation would be allowed to have within its borders the domestic price, which it deems best for agricultural products.
- c. The resulting cost of the difference between the community price and the domestic price would be borne by the national budget (of course, when exporting).

This reform would have the merit of reducing the tensions among the member nations, and the undesirable consequences cited previously. There would not be a common price in the entire EEC.

Wheat might cost less in Great Britain and more in France, if their governments so desired. Now, however, the common price is a myth, owing to the existence of the sums of monetary compensation! The member nations would be free to pursue the policy that they deem best within their own borders, in accordance with their historical and social needs. But they themselves would finance that policy, and it would not be financed by their partners against the will of the latter. The governments of the member nations have continued to play a leading role in determining the conditions for the operation of their agriculture through different tax rates, different social security systems, and different "standards" for the supplying of facilities, such as water and power supplies, etc. Hence the CAP, as an actually common policy, has been a myth in itself. Therefore, I cannot perceive the notion that this reform would be a setback in the integration process; rather, I consider it a way of allowing for the progress of the latter. In this way, the Guarantee section of the EAGGF would become more realistic, and the Orientation section, aimed at fostering an improvement in the structures, could continue with a genuine community responsibility of which Portugal would, without doubt, be a major beneficiary. With a reform of this type, the complexity of which should not be underestimated, it would be incumbent on the Portuguese Government to implement an agricultural policy of its own, which it does not have at present, and without which aid for the reconversion of the structures would be of little help.

Note: The author is a high-level technician on the Northern Region Coordinating Commission.

2909

CSO: 3101

PROSPECTS FOR DOMESTIC ECONOMY IN EUROPEAN CONTEXT

Lisbon TEMPO in Portuguese 22 Jan 81 p 3

[Article by Prof Leite de Campos: "From Overseas to Europe"]

[Text] Until 1974, Portugal's extension over vast overseas territories was, to a great extent, a result of the following notion: The European politicoeconomic space at the country's disposal was not sufficient for its survival. Thus, "the rabbit that was raised in Alentejo was hunted in India."

During the years preceding 1974, that presence was fought on the basis of the argument (among others) that the space which we lacked should be sought in Europe. This would be an alternative far more valuable than overseas, from a social, economic and political standpoint. The decision was already made by the people, revealed by a million Portuguese who emigrated to Europe.

The date 25 April represented, specifically, the victory of the "antioverseas" element. It also brought about, although with difficulty, the victory of the "pro-Europeans." It was perhaps a more spectacular victory than would have suited them, but toward which they were forced by the events themselves.

We shall make a brief analysis of this victory and its consequences, with the constant concern for treating the facts objectively, without the interference of value judgments.

The dynamics of 25 April were soon assumed by movements aimed at upsetting the Portuguese economic and political structures in a manner that does not seem to coincide with the interests and representation of the majority of the Portuguese people. The model proposed, and the backing wanted for its implementation, were sought outside of the EEC and the capitalist democratic countries as a whole. The result of this was that the adherence of the other political movements to the EEC and to the politicoeconomic model represented by the latter became exacerbated. Assistance for the present and a hope for the future were sought therein. The country's integration into Europe (Europe interpreted as the EEC) was a means of compensating (where would others be found?) for the disorientation of those who, absorbed in themselves, discovered that they were in a "small country" threatened by the great powers and deeply divided internally. From "Europe is with us" and "we are in Europe" it was an easy step to "we are Europe." The political and other sacrifices that this course of action would require dissipated in the presence of the panic caused by a revolution that appeared to be going too far. The more this fear grew on the part of social groups that were restored (for the first time in a long while) to their own weaknesses, the more the European promise seemed pacifying and omnipresent.

Furthermore, the political group which took upon itself the interests and representation of these sectors was forced to reckon with the peaceful green fields and numerous industrial complexes of the glutted Europe of the Rhine.

The EEC would back the political model desired by the majority of Portuguese, which was its own. So that this model could fulfill the needs and desires of the Portuguese, the EEC would accept the surplus Portuguese population, pay the economic costs of the political situation and benevolently insure economic growth.

The economic area appeared to be diminished, seeming to be a mere result of the administration of the political area.

Little by little, the political power relations in Portugal were becoming geared to the country's real socioeconomic structure, and to the dominant system of representation. The administration of the political area was losing its absorbing nature, giving autonomous status to the economic area, to the administration of things. This is what is occurring and happening now, except in the event of serious political upsets in the future.

This reassociation has had far-reaching effects on the formulation of the interests at stake in joining the EEC. The political necessities are being slightly diminished; the need for a political spirit seems less evident over the medium term. The economic calculation of the advantages and disadvantages has its place; there is even the risk of going from one extreme to the other, neglecting the necessary political consideration.

The various socioeconomic groups are constantly bringing up the problem relating to their interests, attempting to establish the balance of the costs versus the benefits.

The farmers want to know whether the agricultural product will increase (or not?) after joining, and what will be required of them in terms of reconversion.

The workers want to be informed about the possibilities for employment in the EEC, and about the possible competition that specialized EEC workers may suffer in Portugal.

Will wages increase?

Business owners are wondering about the results of entry into the Common Market on the wage level. Manufacturers, merchants and farmers, and the liberal professionals, are very carefully watching the value added tax.

What will be the future of the metalworking, textile, electric equipment, food products and fishing industries? etc., etc.

What division of labor between Portugal and the EEC will result from membership? Those who are most pessimistic fear a new Metweneen [sic] treatment whereby Portugal would be kept in the area of retrogressive products and low wages, once again losing access to economic development.

Everyone wants to know: the political authorities have the knowledge and the ability to activate it. In this realm, it is necessary for the people's sovereignty to be revealed through knowledge and discussion of the reasons. It seems essential that the entire country take part in the decision. Only such participation in the essential decisions is in keeping with the national political structure.

We must stop leaving the option to the representatives, so as to become knowledgeable about it from the facts.

The survival of the Portuguese economy (and, along with it, of the country) may depend on knowing the implications of this process and then taking, in time, the appropriate steps.

The survival of the political group promoting membership may also depend on a conscious, motivated popular solidarity. Only in this way can we avoid having the inevitable costs of membership in the EEC blamed on a scapegoat, which may be the rulers at the time when the costs become obvious.

Membership in the EEC involves political, social, economic and cultural considerations. But, at a time when, once the option is taken, its analysis is brought up in economic terms, the latter must be known and publicized.

Everyone must know what Portugal is and what Europe is, so that the choice may really be made by everyone. For a desire to exist, there must be understanding, an essential requisite for the free formation of that desire.

Also involved is a requirement that is essential in Europe: liberty, culturally embodied in the universal communication of knowledge, and in the free exchange of speech.

In the priority task of taking a personal stand which is incumbent on any people, the rational analysis of Portugal's European option holds a critical position.

2909

CSO: 3101

QUEBEC ELECTION SAID TO BE DECIDED BY 44 COUNTIES

Montreal LE DEVOIR in French 13 Mar 81 pp 1, 12

[Article by Rodolphe Morissette]

[Excerpts] The general elections in mid-April will basically affect 44 of Quebec's 122 counties. The Quebec Party [PQ] is actually starting the campaign with 26 counties it is relatively sure to carry, whereas the Liberal Party can count on a minimum of 52 districts, or exactly twice as many. The Union National [UN], which is not starting out with any safe districts, could take as many as six counties; but as the race begins, the UN is not certain to win in any of them.

These conclusions can be drawn from an analysis of the situation in counties LE DEVOIR has been visiting since last week. (It is these results to which we will be referring herein.)

Chances for the formation of a minority government are quite slim, as they rest entirely on the National Union's performance. Now the latter could, at best, given the benefit of every doubt, throwing in a few miracles, and with the lucky breaks that could result from a three-sided contest in several places, take as many as six counties: Saint-Hyacinthe, Nicolet, Berthier, Frontenac, Bellechasse, and Matapedia.

That scenario, improbable [as it is], must be balanced against the following data, which summarizes the status of the principal parties before the campaign begins. In fact, since 44 counties are at stake in the election, the PQ, which is already certain of 26 from the start, could hope to be victorious in 70 counties. It faces an absolutely enormous challenge if it aspires to form a majority government (at least 62 deputies).

The Liberal Party, for its part, with 52 counties assured at the start, could concentrate its efforts on only 10 to 15 counties to be sure of forming a majority government. In short, in order to be assured of coming to power, the Liberal Party would only have to consider the mid-April general elections, in an electoral sense, as a big partial election and send all its troops, as it did twice in 1979 and again last November, into the battle for 15 counties where it is already in a relatively good position. At best, the Liberal Party could take 96 counties (52 plus 44), thereby polishing off the Union National, including its leader.

In other words, the scenario of a minority government—PQ or Liberal—seems more of a daydream than anything else. Naturally, these projections preclude everything that could happen in the course of the campaign: a groundswell in one direction or the other, various scandals, votes for the man rather than for the party in some counties, etc. But recent electoral trends do not fail to show the rather steep incline the PQ must surmount if it wants to stay in power.

The counties of which the PQ can be practically certain in advance are concentrated in the regions of Lac-Saint-Jean, the city of Quebec, Rimouski, the eastern part of Rive-Sud adjacent to Montreal, the southeastern part of the capital, the eastern half of Ville Laval and the north bank [Rive-Nord] of Montreal.

Specifically, these are the counties of Saint-Maurice and Drummon, in the center of Quebec; Saguenay, on Cote-Nord; the five counties of Lac-Saint-Jean: Jonquiere, Chicoutimi, Roberval, Lac-Saint-Jean and Dubuc; Rimouski and Matane in Bas-Saint-Laurent; Louis-Hebert, Vanier, La Peltre and Montmorency, in Quebec; Marie-Victorin, Taillon, and Bertrand on Montreal's southeast bank; Mille-Iles, Vimont, and Laval-des-Rapides on Jesus Island; Terrebonne, Labelle, and L'Assomption on the north bank; and, finally, Sainte-Marie, Saint-Jacques and Lafontaine in the eastern part of the Isle of Montreal.

As for the 52 counties that are relatively certain of a Liberal victory, these are the 10 districts of Outaouais (Argenteuil, Papineau, Chapleau, Catineau, Hull, and Pontiac; 16 of the 17 counties of West-Island in Montreal (including the new county of Marquette, but with the exception of Saint-Henri, where the liberals could face a serious contest); Maskinonge and Trois-Rivieres in Mauricie; Brome-Missisquoi, Megantic-Compton, Shefford, and Orford in Estrie; Charlevoix on the north coast [Cote Nord]; Beauce-Sud and Lotbiniere on Quebec's south bank; Jean-Talon and Chauveau in the capital; Montmagny-L'Islet and Bonaventure in Bas-Saint-Laurent; Chambly, Laporte, Laprairie, Iberville, Huntingdon, Chateauguay and Vaudreuil-Soulanges on Montreal's Rive-Sud; Deux-Montagnes and Rousseau on the Rive-Nord; Chomedey and Fabre in Laval; and finally, in eastern Montreal, the counties of Bourassa, Jeanne-Mance, Rosemont, Dorion, Viau, and Viger.

Among the counties where the Liberals appear assured of winning, two are presently represented by ministers of the Levesque government: Mr Denis Vaugeois (Trois-Rivieres) and Mrs Jocelyne Ouellette (Hull). Ten others at present have PQ deputies: Papineau, Chambly, Vaudreuil-Soulanges, Chateauguay, Iberville, Laprairie, Deux-Montagnes, Bourassa, Jeanne-Mance, and Rosemont. Finally, included are a half dozen new districts: Chapleau (Gatineau), Viger (Saint-Leonard), Rousseau (Laurentides), Chauveau (Quebec), Laporte (Saint-Lambert and Greenfield Park) and Chomedey (Laval). On the other hand, the 44 counties that will decide the election are rather dispersed over Quebec's territory.

First of all there are the four counties of the North-West: Rouyn-Noranda-Temiscamingue, Abitibi-Est, Abitibi-Ouest, and Ungava, then that of Duplessis, on the north coast. Then there are the following six Estrie counties: Arthabaska, Frontenac, Johnson, Richmond, Sherbrooke, and Saint-Francois; Champlain and Laviolette in Mauricie. On Montreal's Rive-Sud the contest will probably be close in Nicolet, Vercheres, Saint-Hyacinthe, Richelieu, Vachon (= Saint-Hubert),

Saint-Jean, and Beauharnois. In Montreal, one can no longer predict the winner in Sauve, Mercier, Gouin, Cremazie, Bourget, Anjou, Maisonneuve, and Saint-Henri. The same is true for the four counties on Rive-Nord: Groulx (= Sainte-Therese), Provost (= Saint-Jerome), Joliette, and Berthier.

In eastern Quebec, finally, Portneuf, Charlesbourg, Limoilou and Taschereau will be heatedly contested in the capital, as will Levis, Beauce-Nord and Bellechasse on the Rive-Sud. It is no different in Bas-Saint-Laurent, Riviere-du-Loup, Kamouraska-Temiscouata, Matapedia, Gaspé, and the Isles-de-la-Madeleine.

Several incumbent government ministers are standing in counties where a PQ victory is not assured: Mr Jacques-Yvan Morin (Sauve), Pierre-Marc Johnson (Anjou), Camille Laurin (Bourget), Guy Tardif (Cremazie), Gerald Godin (Mercier), Denis de Belleval (Charlesbourg), Jean Garon (Levis), Francois Gendron (Abitibi-Ouest).

Four counties that are presently in the Liberal column will also be heatedly contested: Maisonneuve (Mr Georges Lalonde), Portneuf (Mr Michel Page), Johnson (Mr Camille Picard), Rouyn-Noranda-Temiscamingue (Mr Camille Samson) and, because of the county's new boundaries, Prevost (Mr Solange Chaput-Roland).

As for the Union National deputies, they must walk a real tightrope: Mr Serge Fontaine (Nicolet), Bertrand Goulet (Bellechasse), Michel LeMoignan (Gaspé), Fabien Cordeau (Saint-Hyacinthe) and their possible candidate in Richmond county which they presently have (Mr Yvon Brochu is not standing in the elections there). The county of Berthier, where Mr Roch LaSalle, the head of the Union National, is standing, is not a sure win: it will be the object of a three-sided contest.

One may also predict a three-man contest in the counties of Laviolette, Champlain, Frontenac, Arthabaska, Johnson, Richmond, Drummond, Abitibi-Est, Rouyn-Noranda-Temiscamingue, Bellechasse, Matapedia, Montmagny-L'Islet, Bonaventure, Saint-Hyacinthe, and Nicolet.

In short, the contest is far from being won by either of the two principal parties, but it is obvious from the start that the government party is disadvantaged in the territory as a whole. To stay in power, it must be able to create a groundswell in its favor, capable of bringing into its camp some 40 counties spread out over all the regions of Quebec. It is but a myth to think, on the other hand, that the Liberal Party's present strength is concentrated in the eastern half of Montreal and Outaouais. Their support is more widely distributed, and this is what makes their strength formidable.

9516

CSO: 3100

AKEL DEPUTY LEADER APPEALS FOR STRONG VOTE

Nicosia CYPRUS MAIL in English 19 Mar 81 p 1

[Text] **T**HE SORT of parliament that emerges from the forthcoming elections will determine to a large extent the eventual solution to the Cyprus problem, the Akel deputy leader Mr A. Fanlis said yesterday.

He was speaking at a Larnaca gathering at which he appealed to electors to vote for Akel and make it the largest party in the House.

His party, he said, believed in non-alignment whilst the Rally party believed in a Nato solution and it was necessary that in the new House the strength of the Rally should be as restricted as possible.

Mr Fanlis claimed that during the summit conference in Vienna between Brezhnev and Carter in June 1979 for the signing of the SALT 2 agreement, the Soviet leader had proposed to Carter that they discuss Cyprus too but the Americans did not respond.

Another speaker at the meeting, the leader of the Pco trade unions Mr Zhiartides, referring to the Akel party's approach to a settlement said that the settlement in order to be viable must be one acceptable to both sides.

Refugees

"We shall not support any settlement which disregards or violates the genuine rights and interests of Turkish Cypriots. We shall not impose on the Turks a solution satisfying us alone, just as the Turks cannot enforce on us a solution which is of their own liking

alone. Greek and Turkish Cypriots must agree on what satisfies both communities and helps restore confidence and elimination of mistrusts Mr Mr Zhiartides said.

The Pco leader further said that Akel stood for the voluntary return of refugees, Greeks and Turks, to their homes, the tracing of the fate of the missing, peaceful co-existence of Greek and Turkish Cypriots, and generally a bicomunal, bilingual federal Republic.

The party also favoured a representative international conference under UN auspices to deal with the external aspects of the Cyprus problem, such as the withdrawal of all troops, Turkish and foreign, and the banning of partition and enclaves or annexation to any other country.

Stabilisation

On this home front, Mr Zhiartides said that the economy faces dangers and Akel and the deputies to be elected will act with a sense of responsibility and will contribute to stabilisation and progress.

"We shall oppose any attempt at an unpopular policy that would lay on the shoulders of the working people the burden of the emerging destabilisation of the economy."

He also said that as regards taxation the party would see that it was not against the masses and they would seek reduction of indirect taxation.

The party also stood for distribution of church and State land to landless peasants, and the nationalisation of water resources.

CHIRAC DELINEATES BASIC POLICY OBJECTIVES

Paris LE FIGARO in French 11 Feb 81 p 5

"No Risk, Third Way" Candidacy

[Article by Patrice H. Desaubliaux: report of 10 Feb press conference]

[Excerpts] A swarm of photographers, a veritable battery of television cameras, and some hundred journalists awaited Jacques Chirac's arrival yesterday. At his first press conference as a candidate for the presidency of the republic, the mayor of Paris seemed to them to be all smiles, reasonable, almost temperate.

In his opening statement, Jacques Chirac first of all justified his candidacy stressing that it was "logically consistent with what he has been doing for the last 5 years," in other words since his resignation as prime minister. After the

legislative election of 1978, where he maintains he "played an essential part in the victory of the majority," "I have been disappointed that things continue as if nothing had happened."

On the other hand, he did not want Frenchmen to have to choose only between Valery Giscard d'Estaing "whose record does not so spontaneously fill the majority of our hearts with joy that we wish to give him a new 7-year term, and Francois Mitterrand, who is no different today from what he was in 1974, since he is seeking our votes with the same program, and the same alliances." This leads to the "other policy" which he is proposing, which is a third way.

Jacques Chirac wants to show that the necessary changes can be made, but that it can "be done with no risk and with respect for the values and principles which have been those of the Fifth Republic for 22 years."

An End To Polemics

In his campaign, Jacques Chirac will elaborate on four goals:

1. To return France to its position and authority in the world, a position which is weakened and disputed because of too much vacillation, insufficient firmness and also insufficient generosity and imagination.
2. Democracy must be practiced with sufficient determination to protect the safety and freedom of the citizens.
3. Freedom must be restored to our economy, which is threatened with a sort of rampant collectivism, and priority given to the struggle against unemployment.
4. On social issues, we must avoid the two temptations of universalized assistance and demagoguery, and priority must be given to family policy, housing policy, and participation policy.

Ease Tax Pressure

In response to the questions of journalists, Jacques Chirac particularly elaborated on what he calls the remedies to the economic crisis. And first of all, according to him, we must choose the type of economy in which we want to live. His choice is not socialism, but an economy freed from bureaucratic and technocratic restraints. It is necessary, in the shortest time possible, to reduce the social and tax burden from 42 to 40 percent, and then to 36 percent of the total gross domestic product [GDP]. Valéry Giscard d'Estaing himself recognized, when he was minister of finance, that at the level of 40 percent of GDP, one was changing society.

Jacques Chirac's proposals: to diminish tax pressure by exempting the 5.5 million taxpayers whose income is less than 3,300 Fr. per month; by a 5 percent reduction in all categories of income tax; by eliminating the law on excess value [tax]; by revising the inheritance laws for the transmission of PME [Small and Medium Size Businesses].

Jacques Chirac also proposes to eliminate the professional tax and replace it with a two-point increase in the TVA [Value Added Tax], modifying the law on contractual layoffs, and creating for the PME's a modern credit facility similar to a mutual benefit society.

The Legitimacy Of The President of the Republic

According to him, the institutions have proven their worth. I want to defend them, and in no way modify them, even if he thinks that one might question the length of the presidential term as well as the advisability of not allowing the practice of the referendum to fall in to disuse. He does not intend to become involved in the "false dispute" over the powers of the president of the republic who "receives his legitimacy from the people." With regard to repatriations, he mentioned the necessity of passing a definitive bill based on strict application of the common law. "It is a matter of justice and reconciliation. What is needed is a law providing total and unqualified amnesty."

Foreign policy had a very modest place in this press conference, Jacques Chirac stressing in this area that the essential heritage from De Gaulle-Pompidou had not been preserved "in our comportment. It is a question of resolve."

Finally, when he was asked if his political line matches that of Mrs Thatcher and Ronald Reagan, Jacques Chirac said that their line was "not so bad, since they won the elections," but that each country has its own characteristics and its own problems.

I was pleased at Reagan's election, for it marked an about-face for the American Nation. One cannot extrapolate to France what is happening in the U.S.

Financial, Political, Foreign Policies

Paris LE MONDE in French 19 Feb 81 p 8

[Article by Andre Passeron statements made on TF-1 TV program 17 Feb "The Great Debate"--passages enclosed in slantlines printed in italics]

[Excerpts] In TF-1's "Great Debate" broadcast on Tuesday, exactly one week after Mr Jacques Chirac's 10 February press conference, the candidate took his message directly to the voters.

Mr Jacques Chirac said, among other things: /"Somewhat indecisive on the international front, weakened and undermined on the domestic front by unemployment, inflation, the deficit in its external financing, the insecurity which prevails, France is not living up to its mission, does not have confidence in itself, and it is necessary for it to recapture the enthusiasm without which its history proves it has never done great things; and for that, its confidence must be restored.

/"I have several opponents. They are called unemployment, inflation, the external deficit, insecurity in short, the weakening of France."/

Touching on economic matters he says: /"Thirty billion [Fr] in savings, that represents 4.8 percent of the state's expenses. It is exactly as if I were asking someone who has a salary of Fr 5000 to cut his expenses by about Fr 240. It is difficult, but not impossible if one has the desire and if the situation requires it."/

On the subject of the state lifestyle and operating expenses, he says: /"The creation of new administrative functions day after day is a continual source of expenses" (...)./

/"In the last 5 years, the operating expenses of the state have increased 60.6 percent, in other words 18 percent more than the gross domestic product, while capital expenses, which enable us to prepare for the future of our country, have only increased by 33.4 percent. This is what I am denouncing in saying that economies can be made./

/"I am proposing that each year the number of additional civil servants hired be set at half the number of those who take retirement."/ He also mentioned the use made of security forces, saying: /"It would be better to provide for security in the large cities or in the countryside and to leave the unfortunate motorist alone, this motorist who is the underpinning of an industry which is already ailing, and which actually should be encouraged."/

After having recalled his tax proposals concerning the elimination of the impost on income of lower-income tax payers, the elimination of the tax on excess values, and the augmentation of the TVA [Value Added Tax] in place of the professional tax, Mr Chirac adds; /"The policy that I propose is very precisely opposite to that being pursued by the government. It was in fact this conceptual divergence that led me in 1976 to make the decision to resign. Government, implementing the policy the chief of state asked it to implement, has not understood that the origin of today's inflation was unemployment; it has remained locked up in old economic concepts, in old economic theories according to which unemployment made it possible to reduce demand and thus was a regulatory element of the economy. Well now, this is false, since unemployment is compensated."/

Regarding the Socialist Party he says; /"I do not imagine that Mr Mitterrand, the former first secretary of the PS, and the present leadership of that party can cut their bridges to the Communist Party, for one simple reason, namely that the strategy of the union of the left corresponds, naturally, both to a deep conviction of a large number of socialists--perhaps not all of them--and also to an obvious electoral advantage. And of course this is the main point on which we differ, and which is at least as important as what distinguishes us from conservatism... However one labels it, liberated or liberal...enlightened./

/"If perchance the socialist were to judge the communists by their behavior and were to say clearly that the connection is terminated, then it is certain that it would be necessary one way or another, and in particular to gain control over the problems our country faces today, to talk with them and involve them in the general recovery effort. And if we have differences on economic planning, which are not insignificant, in particular our hostility to any nationalization, there is also a certain number of factors on the basis of which we would be perfectly capable of finding points in common. But, I reiterate, this is the politics of fiction..."/

Foreign Policy: Weakening And Degradation

A last touching on foreign policy, the candidate stresses the "weakening" and "degradation" of France's position in the world. He says: /"In less than 18 months, we have learned from a communique at the Franco-German summit that in the present circumstances, taking Soviet behavior into account, it was necessary to strengthen the ties of solidarity among the western countries. Several weeks later, we learned from a communique issued in New Delhi at the summit meeting between the French chief of state and the Indian chief of government, that France and India were—I am giving it to you straight—at the forefront of the nonaligned. Some time afterward, alas: Afghanistan is invaded. We say nothing and then we condemn, and then we hurry off to Warsaw without, to be sure, the smallest chance

of getting any results whatsoever. But all the same, in a way, this sanctioned for the first time and before any of the other western states, the perpetrator of that unacceptable act of invading Afghanistan. Several weeks later, I read a *communiqué*, again from a summit, published in Beijing by the French chief of state and the Chinese head of government, indicating,--and moreover it was contradicted the following day by the Chinese authorities--that there were no subjects on which France and China had differences in the area of international affairs, though China's feelings about the Soviet Union are well known. I could give example after example./

/"We must have a much firmer policy. And a policy which is above all founded on a true idea of what we are, and stated to all, whoever they are, in the same terms."/

Mentioning the situation in Poland, Mr Chirac says: /"I was a little shocked to hear France saying that the Poles would be well advised to moderate their fervor and demands, for otherwise that could justify--these are not the words, perhaps, but it was the spirit--Soviet intervention(1)."

Is it really for France to say such things? No. Nothing could justify Soviet intervention but the natural interests of the Soviet Union. And that would entail, in my view,--I do not have many illusions about the present state of things, though with the new American administration this may change, I hope it does--An immediate reaction, not military of course, but which would consist of halting any kind of exporting of techniques or technology to the Soviet Union."/

Economic, Social Objectives, Proposals

Paris LE MONDE in French 4 Mar 81 p 12

[Article on 2 March election rally by Andre Passeron--passages enclosed in slant-lines printed in italics]

[Excerpts] The first campaign rally of the mayor of Paris in his own city had to be a success. On Monday evening, 2 March, some 5,000 people crowded into Mutuality Hall gave the Gaullist candidate an especially enthusiastic welcome punctuated with the slogan shouted out a hundred times: "Chirac, President!" under the flags and streamers moving in cadence.

1. Mr Chirac also mentioned the remarks made on 27 January on Antenna-2 by Mr Giscard d'Estaing during the seventh in the series of broadcasts called "An Hour with the President of the Republic." At that time the chief of state asserted: /"Poland is in the Soviet bloc, and Soviet bloc communications passed through Poland. Whatever ignores these geographic and strategic givens has no chance of being acceptable to the Soviet Union"... The economic reforms that can be envisaged in Poland must, in my opinion, be acceptable to the Soviet Union, because, with the absence of these reforms, there can be nothing but a return to a situation in which Poland will be unable to provide for its economic development and subsistence. What is the extent of these reforms? That is for the Poles to decide among themselves..."/ (LE MONDE OF 29 JANUARY)

An hour after the announcement of Mr Giscard d'Estaing's candidature, Mr Chirac did not directly mention the entry into the race of this new competitor, but he added a little more bite to his criticism of the term now finishing, and more resolve to his refusal to see it renewed.

Mr Chirac said, among other things:

/"Antagonisms are growing, society is hardening, the very source of hope seems to be dried up.

/"The multiplication of partial measures which the government spokesman has been enumerating for 6 months following each meeting of the council of ministers—is this really the solution?

/"For nationalizing French society, I propose to substitute another social aim: that of a real solidarity between people in the intermediary groups which compose the nation. In the family, at work, in the community: this is where solidarity should become most active, thanks to the effective participation of everyone in [pursuing] fulfillment in his daily life.

/"As always, some will rush to caricature.

/"Let us be clear. I am not calling for the abstention of the state. I am only asking that its intervention not be universal and all-powerful in the daily life of the French.

/"The real cause of unemployment in France today is the sleeping sickness which casts a shadow over our economy. Reduced growth, almost no productive investment in private enterprise, declining competitive position abroad: such are the realities of the French economy.

/"This is why the objective of my economic program is the most rapid possible return to vigorous growth.

/"To struggle against injustices and to divide the national wealth more equitably among the French, one must increase this wealth, one must produce more, one must have strong growth.

/"I am proposing measures to restore confidence, to stimulate growth by increasing both supply and demand simultaneously, to restore the power of liberty and responsibility by diminishing the dominion of the state.

The choice is open to us: either social regression and the suppression of safeguards which at present are perceived by the French to be fundamental, or growth and jobs."/

The Family is an Opportunity

Touching on family policy, Mr Chirac believes:

/"We must reverse course.

/"The right family policy is not one that says: "The family is a handicap to be compensated."

? "It is the one that proclaims: "The family is an opportunity to advance."

/"The objective is to extend, for the benefit of all French families, the measure we in Paris have taken under the name of parental education allocation, and which consists in guaranteeing the parents of three or more children the equivalent of one-half the SMIC [Interoccupational Minimum Growth Wage].

/"We must, as I have done in Paris, institutionalize an annual family conference where dialogue, participation, and contractual politics will finally have the freedom to be heard."/

Before concluding, Mr Chirac said: /"Mr Mitterrand's plan continues to inspire a bureaucratic and statist ideology which the French turned down in 1974 and 1978. He still talks to us about the same strategy of union with the communists. But Mr Marchais's objective is manifestly not to win back, but rather to lose, his former ally.

/"Also, it is certainly going to be necessary to present the record of the 7-year term which is just ending. Doubtless efforts will be made to show us that it was a peaceful and happy period. And perhaps, in fact, some flattering example or some partial success will be found. But overall, a government under which in 5 years unemployment has doubled, while the annual rate of inflation jumped from 9 to 14 percent, and the balance of payments deteriorates dramatically, can no longer obtain the faithful allegiance of the French. No prospects for change from this quarter are offered us, either. And as the economic situation at the beginning of the year is rapidly worsening, the French run the risk, if nothing changes, of becoming insolvent. In sum, this path is risk without change."/

Giscardian Reaction

Paris LE POINT in French 23 Feb 81 p 45

[Article by Dominique de Montvalon on reaction to 17 Feb TF-1 TV program—passages enclosed in slantlines printed in italics]

[Text] Jacques Chirac was a success in his first television appearance Tuesday, on TF-1. Giscardians are no longer pretending to ignore him.

The Giscardians were lying in wait for Chirac. The other week, he was fairly successful in his first press conference as a candidate for the Elysee. But the president's faithful—a bit worried without wanting to admit it—took away above all the lesson that, since he wanted to be a small-scale imitation of Reagan, the much-bruited RPR-PS [Rally for the Republic Party-French Socialist Party] convergence is strictly a sham! Only, with Chirac, there is a real question whether from one week to the next he will change his tune.

In VGE's [Valéry Giscard d'Estaing] entourage, therefore, the ex-prime minister's first television appearance, last Tuesday, on TF-1's "Great Debate," was awaited intently. Now in the opinion of most observers this too was a success. /"He gained two points in the surveys,"/ one of Giscard's own advisers let slip. Indeed, wiser now, with just a touch of the pedagogue, deliberately choosing to dwell at length on the economy, Chirac quite credibly hit the "target" at which he was aiming: the cadres and small businessmen, sensitive to tirades about the necessity to cut down on state expenses, or to cut back on excessive hiring of civil servants. /"It's all in the Reagan mold,"/ the French Democratic Union [UDF] types said. Perhaps, but the "Chirac message" Tuesday evening passed its screen test. Of this the Giscardians, at least, are convinced. Oh! it is not that they believe that some kind of "Chirac effect" is going to result in a groundswell. VGE is their champion, and they believe that tomorrow in battle he will be all the more formidable because many have been trying for months to bury him with wild blows.

/But the president's friends/ are aware that despite the fact that, not content to have gotten off to a good start in his race to the Elysee, their rival on the majority side is not without appeal to a faction of their own electorate--/"the most rightist faction,"/ they immediately add. And on Tuesday they heard Chirac holding the scales apparently equal between Mitterrand and Giscard by refusing to say what he would do on the second round. An open secret? Doubtless, but it is true that the voters can do what they want.

All at once, an end to the acid remarks about Chirac from a Jean-Pierre Soisson or even a Jean-François Deniau, who only recently was still dreaming aloud of windfalls after the first round! Doubtless for Giscardians there can be no question of building Chirac up by crossing swords with him every time he speaks. However, every time he ventures out, he will find someone to answer him. Besides, the day after the "Great Debate," UDF President Jean Lecanuet sounded the first note before the microphones of Europe-1, explaining without excessive circumspection but with the full approbation of the Elysee that the previous night on television Chirac had made remarks that were not worthy of a candidate for the Elysee but... but of a simple arrondissement candidate.

In private, Giscardians in like manner raise their voices. /"Chirac presented a plan for 15 percent of the French,"/ one begins. /"He probably thought he was facing an assembly of small businessmen!" "When I think,"/ signs another, /"that he went so far as to demand that the police who enforce the speed limits on the highways devote their time [instead] to tracking gangsters! Has anyone told him what election he was running in?" "Even the positions he has taken which by Reagan standards would be considered ultra-liberal are radically incompatible with the sensibilities of the left wing of the presidential electorate,"/ says a minister, going even further. Has Chirac forgotten that the complete partnership of the centrists in the majority only dates, after all, from 1974? "He was so far right,"/ one elected official rejoices, /"That he has completely "re-centered" us!"

These reactions are doubly significant. They prove first of all that after having treated Chirac with contempt, the Giscardians today feel that they cannot let his words (as demagogic as they may be, in their eyes) pass unanswered. In that respect Chirac has gained ground. But these reactions also make clear what will be Giscard's strategy as a future candidate, who, in the shadows, is sharpening his knives. France now more than ever needs, he will say, in these tempestuous times, to be governed from the center. And I alone am able to bring together a broad and diverse electorate, [I] who, instead of planting my flag frankly to the right as a Chirac is doing today, must have—in the words of one of the president's intimates—"a left, a center, and a right."/

Naturally, Chirac is not going to agree to be thus swept off to the right and to see disparaged what one of Giscard's minister (and Giscard knows his Balzac) is amused to call the /"reactive character"/ (reactionary) of his half-Pinay, half-Reagan program.

In short, the campaign has not yet fully gotten under way. But already the two rivals in the majority--directly or through loyal intermediaries--is turning it into a frantic race for the center. Indeed, the winner will be he who finally succeeds in turning the other to the right.

9516

CSO: 3100/626

CREPEAU CANDIDACY IMPORTANT TO MRG SURVIVAL

Prospects for Political Survival

Paris LE POINT in French 9 Mar 81 p 56

[Article by Daniele Molho—passages enclosed in slantlines printed in italics]

[Text] /Michel, you must run in the elections, if only to make me happy. For once in my life I would like to be able to vote radical, and not socialist."/ That remark from a Herault militant who had come to welcome the president of the MRG [Radical Left Movement] the other Thursday in Montpellier went straight to Michel Crepeau's heart. And 2 days later, the congress at Versailles, which gave him 83 percent of the votes, largely confirmed that hope. The MRG militants have had enough of living eternally in the shadow of the "imperialist" protection of their socialist big brother. So now the movement will have a candidate. And it is just too bad if he gets "beaten to a pulp"; only time will tell.

This analysis, of course, is not shared by everyone, and some are even faulting Michel Crepeau for jeopardizing the election of Francois Mitterrand /"out of pride,"/ by weakening his first-round score. This aspersion of his intentions puts the mayor of La Rochelle into a fine fit of anger: /"How can I be accused of working against Mitterrand, I who have worked for the Left for 15 years?"/ And moreover, this is what he expalined to Francois Mitterrand, face to face, at a luncheon on 21 January. /"I can,"/ he told him, /"mobilize and lock in an electorate that will never resign itself to vote for you in the first round."/ The socialist leader assured him of his /"understanding,"/ but he was not convinced.

For with his impetuosity, his broadly gesticulating arms which come from his days as an advocate, his slow and emphatic delivery, and a reguish little face that, with the passing of the years, increasingly resembles that of Serge Reggiani, Michel Crepeau at age 50 embodies a curious paradox: that of being the youngest leader of the oldest part in France. But if, as mayor of La Rochelle, whose first magistrate he has been since 1971, he has been able to project a modernist image for his administration, he still has been unable, since May 1978, when he succeeded Robert Fabre as head of the MRG, to get the movement off the ground or to expand its base with the center-left. His objective today, though a modest one, seems quite ambitious; he wants to collect 3 percent of the votes in the first round—a million voters—two-thirds of whom would be willing to go for Mitterrand in the second round. The MRG needs it to survive.

This is why the former mayor of Bastia, Jean Zuccarelli, age 74, has spoken out in favor of the fight: /"We must fight, because loss by default is judged more harshly than losing the fight on the field."/ To which Maurice Faure, 59, a deputy and mayor of Cahors, has replied: /"We must withdraw, because if we do poorly, we will have jeopardized our future (still further)."/

For, despite everything, from one year to the next, this little swing party has 10 deputies, 14 senators, two representatives in the European Parliament, 200 councillors-general, including nine who are presidents of general councils, and 10,000 municipal officials. A little armada of notables who, if Michel Crepeau fails to meet the 3 percent challenge, might fade away, but to whom the PS [French Socialist Party] will owe no favors in the next elections.

This is why 8 out of the 10 deputies and 3 of the 14 senators have spoken out against Michel Crepeau's candidacy. But will they go as far as calling for support to be given to Francois Mitterrand in the first round? If they take that step, they will have struck the final blow to the movement--the very blow they are attributing to Crepeau.

Support, Opposition Within Party

Paris LE MONDE in French 3 Mar 81 p 9

[Article by Jean-Marie Colombani: "Special Congress of the MRG Confirms Mr Crepeau's Candidacy"--passages enclosed in slantlines printed in italics]

[Text] Mr Michel Crepeau, confirmed Saturday evening, 28 February, by the special congress of the MRG meeting at Versailles as this movement's candidate in the presidential elections, closed the national convention (which followed the congress) Sunday morning 1 March by calling for support in his struggle from "the realistic left," which should "think straight and tell the truth."

The mayor of La Rochelle, who for the duration of the electoral campaign ceded the MRG presidency to a "directorate" composed of four vice-presidents (Mr Roger-Gerard Schwartzberg, a member of the Assembly of the European Communities; Francois Luchaire; Jean Beranger, the senator from Yvelines; and Jean-Michel Baylet, the deputy from Tarn-et-Garonne), spoke following a convention organized "American-style." After the showing of an audiovisual production recapitulating the main themes of "The Future Before Us" (the MRG manifesto, adopted by the Paris congress last June), some 50 delegates wrapped in tricolor sashes mounted the rostrum.

Once the hall of the palace of the congress of Versailles was plunged into darkness, the radical left candidate, surrounded by the red halo of a spotlight, made his entry to the applause of the delegates. Nevertheless, missing from the rostrum

were 8 of the movement's 10 deputies and 3 of the 13 senators, who are opposed to the continuation of Mr Crepeau's candidacy, and whose motion (LE MONDE of 1-2 March) on Saturday evening received only 157 votes, against 771 votes in favor of the motion ratifying that candidacy.

Even if Mr Maurice Faure, honorary president of the movement, exerted himself to de-emphasize the debates that pitted legislators and militants against each other, explaining that all leftist radicals are in agreement on the goal to be attained—a victory for Mr Francois Mitterrand—the special congress was not able to pacify hot tempers. The leftist radicals opposed to the appearance of their own candidate in the first round of voting obtained the support of six federations (Hautes-Pyrenees, Lot, Dordogne, Gironde, Eure, and Corse-du-Sud). They should be meeting again soon, ostensibly to examine possible modifications in the political situation, but in fact to examine the prospects for setting up a committee for supporting Mr Mitterrand's candidacy.

Mr Didier Bariani, president of the (Valoisien) radical party, considers Mr Crepeau's candidacy as a "move to split the center left." By contrast, Mr Brice Lalonde, candidate for the ecologist movement, is pleased with developments, since according to him Mr Crepeau's rhetoric is "close to ecologist tenets."

The meetings Saturday morning of the executive committee and then Saturday afternoon of the special congress were focused on two questions to which each camp brought a different answer. Those two questions were the following: how to achieve a victory for the left, and thus for the socialist candidate, and on the other hand, how to assure the survival of the movement.

Opponents of Mr Crepeau's candidacy, signatories of the motion "to win the presidential election" (1) explained at first, as was done by Mr Roger-Gerard Schwartzberg, vice president of the MRG that /"to split the left on the first round is to reduce its chances to win."/ Later, it was Mr Francois Loncle, former member of the national secretariat, who said: /"We did not found the MRG to play Russian roulette with its future. We are facing a serious threat of marginalization at the very time when victory appears possible."/

1. These were Mr Francois Abadie, the deputy from Houtes-Pyrenees; Rene Billeres, the senator from Hautes-Pyrenees; Alain Bonnet the deputy from Dordogne; Emile Didier, senator from Hautes-Alpes; Jean-Pierre Defontaine, deputy from Pas-de-Calais; Maurice Faure, deputy from Lot, Paul Guilbaud, president of the Eure general council; Paul Duraffour, deputy from Saone-et Loire, Robert Honde, councillor general of Manosque; Ramond Julien, deputy from Gironde; Pierre Lelandais, councillor general from Orne, Francois Loncle, member of the executive committee; Philippe Lamirault, councillor general of Eure-et-Loir, Francois Massot, deputy from Alpes-De-Haute-Provence, Hubert Peyou, senator from Houtes-Pyrenees; Roger-Gerard Schwartzberg and Jean Rigal, the deputy from Aveyron.

Advocates of Mr Crepeau's withdrawal have thus considered that not only could the candidacy of the MRC president hurt the prospects of the socialist candidate in the first round, but also that active participation by leftist radicals in Mr Mitterrand's campaign is the best guarantee that the MRC will continue to hold the positions that it now occupies. The most brilliant and loudly cheered among the defenders of this idea was Mr Maurice Faure. /"What I fear the most,"/ the deputy from Lot explained, /"is the outcome; when I see the surveys, I say that if we end up with results that poor, we will have further jeopardized the future of the party."/ The other honorary president of the movement, Mr Rene Billeres, stated that he /"will not run the risk of being repudiated"/ by his voters, by supporting /"the gamble"/ of a candidacy in the presidential elections.

It took Mr Maurice Faure to put the debate in its true perspective. /"I have not heard a single note that is out of tune with our strategy,"/ he said. /"No one challenged our basic adherence to the left and our withdrawal in the second round in favor of its best-placed candidate."/

Indeed, Mr Crepeau explained his candidacy in terms of the necessity /"at last to create conditions for the victory of the left."/ After denying the charge of engaging in a /"survival operation,"/ the radical leftist candidate recalled that /"the left has failed for 15 years"/ and it must, if it wants to win, recapture the center left /"because that is the balance-point of French society."/ Mr Crepeau said he is convinced that he can embody that center left and thereby bring to Mr Mitterrand, in the second round, voters /"disappointed by Valery Giscard d'Estaing but who remain without much enthusiasm for what the left offers them."/

"The Model Of Immorality And Deceit"

Among the supporters of the candidacy of the mayor of La Rochelle is the mayor of Bastia, Mr Jean Zucarelli, who has had the greatest success scourging the advocates of /"perpetual default"/ and saying: /"our allies (socialists) consider us too much as debtors while in fact we are creditors"./ Mr Francois Luchaire, for his part, has asked the leftist radicals /"to do nothing during the electoral campaign that could impair the authority of the socialist candidate in the country."/ Mr Auguste Pinton, former senator, president of the Rhone-Alpes regional federation, has opined that a candidacy is the occasion for leaving the socialist orbit."/

After the special congress confirmed his continuation as a candidate, Mr Crepeau gave a speech Sunday morning vigorously denouncing the policies of Giscard d'Estaing. Among other things he said: /"The crisis through which we are moving is above all a political crisis. A crisis of the confidence of Frenchmen in those who govern them. When the example of immorality or quite simply deceit is set at the highest level of the state, when attacks on the independence of the judiciary increase, when inequalities and social injustices grow more every day and, especially, when society refuses to let two million French women and men work —starting with women and the young—, then there is a profound crisis in this state which requires changing the leadership of that state at the top and also

changing the state itself, which has been taken over by a technocracy and paralyzed by the bureaucracy..." "It is to the youth that I want to speak first of all for first of all it is for them that the change needs to be made. It is for them that the left must be victorious, a left which is no longer a left of hardened dogma, of paralyzing statism."/ Mr Crepeau concluded: /"there is no fatality in politics, there is only need of lucidity, truthfulness, and courage. This is why I am summoning into battle the realistic left, the left which owes itself, on behalf of the French people, to think straight and to speak the truth. Together, we are going into battle, for that is where the left's and France's real and only chances lie."/

/Mr Michel Crepeau, president of the Left Radical Movement since May 1978, was born 30 October 1930 at Fontenay-Le-Comte (Vendee). A lawyer in La Rochelle, he was elected municipal councillor and mayor of that town in 1971./

/Crepeau, councillor-general fo Charente-Maritime since 1967, was elected a deputy from the first district of that department in March 1973 and reelected in March 1978. President of the Poitou-Charente regional MRC federation in 1971, Crepeau occupied the post of vice president of the movement from 1976 to 1978, before becoming its president.

Crepeau prides himself on his provincial origins and on his activities as head of the municipality of La Rochelle, which have largely contributed to his reputation through the country. /"I am a provincial and I am proud of it,"/ he said Monday, 2 March over France-Inter.

9516

CSO: 3100/631

PRIME MINISTER DEFENDS ACTIONS DURING EARTHQUAKES

Athens ATHENS NEWS in English 14 Mar 81 p 4

[Text] THE GOVERNMENT yesterday came under heavy fire from Opposition leaders during the first day of parliamentary debate on the way the State reacted to the recent earthquakes.

The Panhellenic Socialist Movement (PASOK) president, who took the floor first as main opposition leader, called for the government's resignation, saying that the government's reaction to the situation proved its inability to run the country. Mr. Papandreou described as "disheartening" the sight provided by the State machinery in the last weeks.

Prime Minister George Rallis intervened twice during Mr. Papandreou's speech to defend his administration's actions. He said the State did everything humanly possible, and that all public servants worked with zeal and spirit of sacrifice unprecedented for Greece.

NO NEW TAXES

The Prime Minister also declared there will be no special, additional taxes to face needs created by the quakes, because, he said, the people cannot take any more burden.

Minister to the Prime Minister Constantine Stafanopoulos, who took the floor next to respond to Mr. Papandreou's charges, described

ed the main opposition leader's criticism as "groundless."

He said there was an emergency plan which was put into effect immediately. The State machinery mobilized of once, and the various branches of the administration cooperated harmoniously with each other, the Minister said.

"The Army is not an airtight compartment," Mr. Stefanopoulos observed, "and we cannot praise it separately from the rest of the State machinery, although the Army does, indeed, merit all praise."

Democratic Center Union (EDHEK) leader Ioannis Zighdis, who took the floor next, said the main part of the blame for damages caused by the quakes belongs to those responsible for construction and government services charged with issuing building permits and inspecting buildings.

BONDED ENGINEERS

Mr. Zighdis also called for the creation of a body of "bonded engineers," to oversee compliance with building regulations in the future.

Next to speak was Undersecretary for Social Services Tsoukandou, who said his Ministry immediately formed emergency crews to deal with the situation, and that in general, it did its duty within the realm of feasibility.

Former Prime Minister Panayotis Kanellopoulos said

we should not be led to panic as a result of the earthquakes. He added we should put ourselves in the position of quake victims, because only thus shall we be able to understand their plight and help them effectively.

United Democratic Left (EDA) president Elias Eliou called for creation of the infrastructure necessary for dealing with future earthquakes. He said events showed that the State machinery was totally unprepared for such an emergency.

INADEQUACY

Greek Communist Party (KKE) Secretary General Harilaos Florakis, who took the floor next, blamed the government for failing to respond to the quake victims' immediate needs. The delays revealed the complete inadequacy of the State machinery, Mr. Florakis said.

Mrs. Virginia Tsouderou, spokeswoman for the Democratic Socialist Party (KODE SO) expressed her opposition against the installation of nuclear power plants in Greece. Such a thing, she asserted, would be very dangerous in view of Greece's earthquake history.

Greek Communist party of the Interior spokesman Leonidas Kyrtos also criticized the government, describing as inadequate State aid to earthquake victims.

Similarly critical of the government was the National Rally's spokesman, Mr. Economopoulos.

The debate in Parliament will continue Tuesday, when MPs wishing to express their views will be given the floor.

GENERAL

FRANCE

BRIEFS

TRANSALL MARITIME VERSION--The aircraft division of Aerospatiale, in an agreement with the Transall consortium, has just announced officially its decision to provide the Transall aircraft with the modifications required to transform it into a maritime surveillance aircraft. The first new Transall, the C 160-S, will be available in late 1983. The modifications in the basic version will involve the replacement of the radar so as to assure the research function (now being developed by Thomson-CSF), provision of the navigator's post with a new radar screen and the installation of a universal [rocket?] launcher. [Text] [Paris ELECTRONIQUE ACTUALITES in French 13 Mar 81 p 11]

CSO: 3100

BRIEFS

IPEKCI AWARDS--The awards for the Abdi Ipekci Peace and Friendship Prize were made Tuesday in Athens. Presented for the first time this year, the awards were established in memory of Abdi Ipekci, editor in chief of Turkish daily MILLIYET, who was assassinated in early 1979. They were proposed by Greek engineer Andreas Politakis. The competition, organized by MILLIYET in Turkey and the Athens daily ELEFTHEROITYPIA, considered reports, articles and literary text concerning the relations of Greek and Turkish people which were written "with objectivity, impartiality and edifying mood." There were 112 Greek entrants and 70 Turkish. The awards were divided into various categories judged by a committee of three Greek and three Turkish members. First of the Turkish winners was Ibrahim Campi, and of the Greek section, Heracles Tzathas. Sibel Ipekci, widow of the Turkish journalist, attended the awards ceremony. The longstanding modern differences between the neighboring countries, as well as their historical battles, have left a gap between the peoples which Prof. Constantine Despotopoulos, member of the award committee said "does not, however, lead us to a persisting mistrust or a negative attitude toward the people of Turkey, but on the contrary encourages us to redouble our efforts for the promotion of friendship between the two peoples." [Text] [Athens ATHENS NEWS in English 11 Mar 81 p 4]

CSO: 4920

END

END OF

FICHE

DATE FILMED

4/14/81
